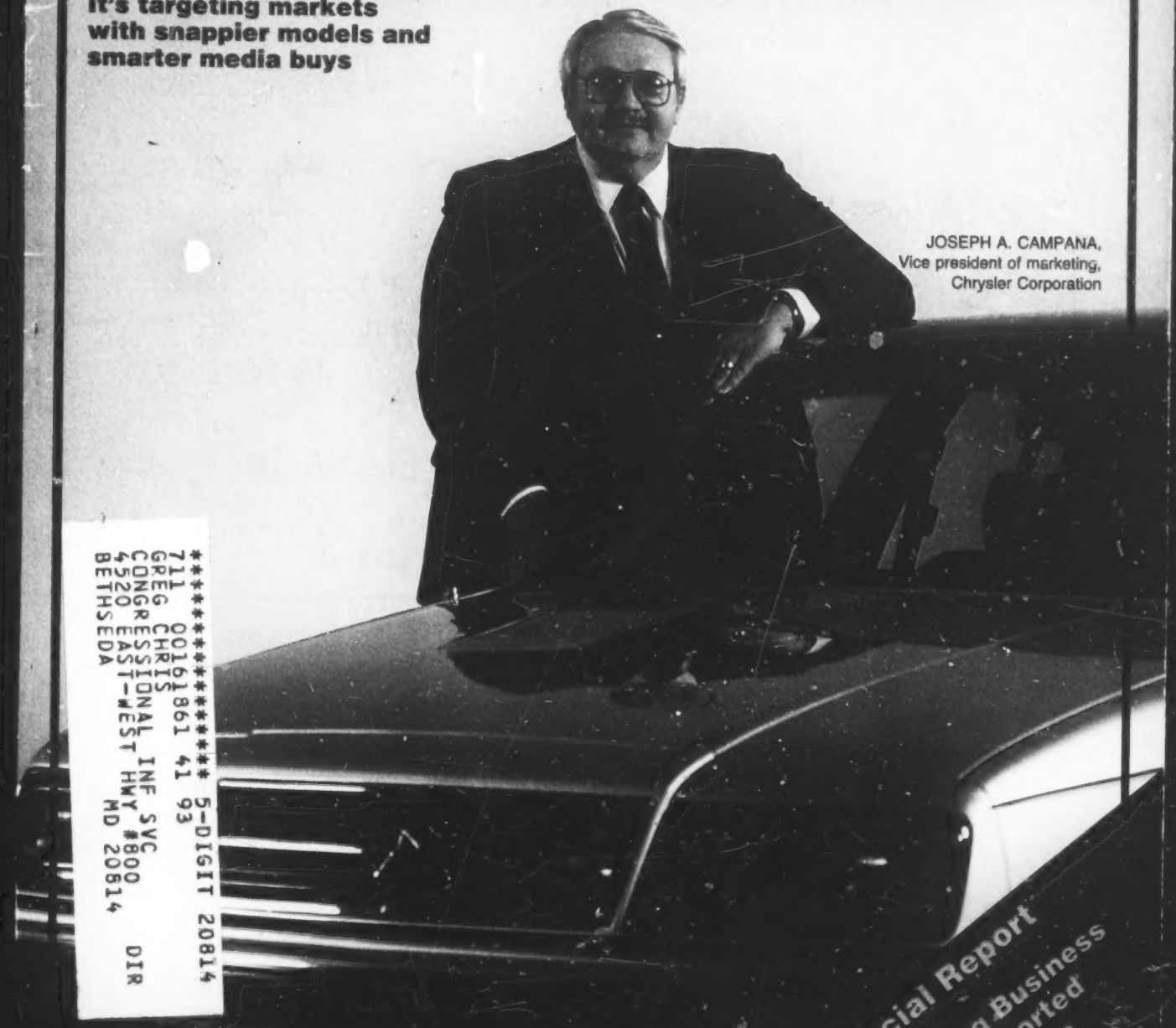
C2950-3

JANUARY 1985 • $3.00

MARKETING & MEDIA Decisions

CHRYSLER SHIFTS GEARS

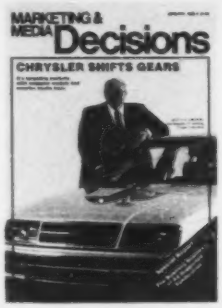
It's targeting markets with snappier models and smarter media buys



JOSEPH A. CAMPANA,
Vice president of marketing,
Chrysler Corporation

Special Report
Booming Business
Ad-Supported
dication

**********5-DIGIT 20814
711 00191861 41 93
GREG CHRIS
CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #800
BETHSEDA MD 20814 DIR



CONTENTS

JANUARY 1985, VOL. 20, NO. 1

Joseph A. Campana, vice president of marketing, Chrysler Corporation.

Features

38 Chrysler changes its style
Now that the automaker is once again enjoying good financial health, it is taking steps to ensure this condition lasts. New marketing and advertising strategies, as well as new cars designed for specific consumer groups are part of its prescription.

47 Round two of the global debate
Our panel of experts offer their opinions as to the bonuses and pitfalls of pursuing a global strategy.

50 Chelsea's hot hand
Chelsea Communications is scoring big — quickly — in its efforts to marry ad-sponsored programing through all forms of distribution channels.

52 How computers are easing the newspaper buy
Doyle Dane Bernbach's on-line data base, including pricing and circulation information, is a much-needed aid for the often hard-to-buy medium.

53 Special report on syndication
With interest keener than ever in ad-supported syndication, broadcasters and advertisers handicap the field of programing options for the 1985-1986 season. The report covers new and old shows — daypart by daypart — and takes a long-term look at where the business is headed. Also included are profiles of some ambitious, risky new ventures such as INDAY and the New Program Group.

54 Blue ribbon for programing options?

57 Barter becomes legitimate

66 Can *Rituals* make it?

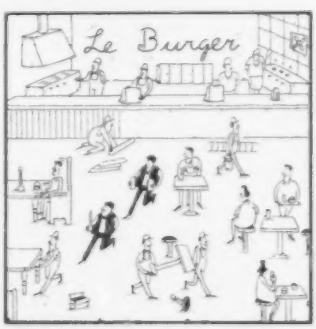
69 LBS ventures into daytime

73 Powerhouse programing

Focus on . . .

Chelsea
(page 50)

Syndication
(page 53)



Fast food
(page 83)

83 Brand report 106: Fast food
There's a lot of competition in the fast food game — new products, different tastes, ethnic flair, besides convenience — and with a 30% increase in ad budgets, chains are hoping to win over baby boomers.

Departments

2 Focus on Marketing
8 Campaigns
14 Futures
17 Print Beat
20 Newsmakers
22 New Electronic Media
24 Homework
28 D.C.
29 Direct Marketing
32 Update
33 New In Media
36 Adperson of the Year
95 Broadcast Beat
98 Cost Trends

As They See It

75 Mediology
Anna Fountas
76 Magazines
Debbie Solomon
77 Newspapers
Jack Cohen
80 Cable
Erica Gruen

cover photograph by Peter Yates

MARKETING & MEDIA DECISIONS (ISSN0195-4296) JANUARY 1985, Vol. 20, No. 1 Copyright © 1985. Decisions Publications Inc. Published 15 times. Executive, editorial, circulation and advertising offices at 1140 Ave. of Americas, New York, N.Y. 10036 (212) 391-2155. **Available** without charge to those personally involved in media decisions at major agencies and advertiser companies. For others, subscription prices are: U.S.A. $40 for 15 issues. Canada $50. Overseas $52 (surface mail). Airmail — add $52. Single copy $3.00. All overseas copies are paid. Second-class postage paid at New York, New York, and additional mailing offices. **Postmaster:** Send form 3579 to Marketing & Media Decisions, 1140 Ave. of Americas, New York, N.Y. 10036.

Some setbacks, but overall, cable gains

Despite fluctuations in revenue among individual services, the cable industry overall is doing well, with revenue per subscriber (perhaps the best indicator of ad sales growth), up across the board for all services. Third quarter readings in audience drawers show, by Nielsen accounts, that *Cable News Network*, *CNN Headline News* and *The Nashville Network* are leading with substantial gains. *ESPN* suffered the greatest drop in viewership for the third quarter followed by *CBN* cable. *MTV* is expected to generate the largest overall increase, a jump of nearly 60% by Paul Kagan Associates' tally.

CNN, the big winner in viewership for the third quarter, attracted an average 260,000 households in July, August and September, up 34% over the second quarter's 194,000 household average. This audience growth could be attributed to *CNN*'s coverage of the conventions, the John DeLorean trial, and perhaps the Summer Olympics. The network, which debuted in June, 1980, has 29.7 million subs, or 35% of total tv households. Its 1984 per sub revenue was $1.79 and could go up to $1.88 this year, an increase of 23.1% by Paul Kagan Associates' count.

The Nashville Network (18.4 million subs) gained 53% in viewership during prime time in the third quarter, up from 127,000 households to 194,000. Lloyd Werner, senior vp of Group W satellite, credits the network's jump in reach to a $700,000 promotion campaign by Needham, Harper & Steers throughout the summer. However, the service's growth from 12 million subs to 19.5 million created difficulty in readying local promotional campaigns for all the new markets. The network is expected to increase its per sub revenue growth from $.98 per sub in 1984, to $1.21 per sub this year, a 55% increase. Revenues of $28 million are projected by Kagan Associates.

ESPN (23.3 million subs) showed the most dramatic decline in third quarter viewership and the biggest drop in revenue from the second quarter. Households plummeted from 605,000 in the second quarter to 427,000, while revenue per sub dropped from $1.74 to $1.38. This slump, say *ESPN* reps, is due to traditional decline in HUT (homes using tv) levels and the Olympics, which drew viewers to ABC. *ESPN*'s overall revenue of $58 million in 1984 is projected to reach $72 million. *USA* passed *ESPN* in the third quarter in terms of viewers in 24 hours.

MTV, the most promising with its solid second-place hold (on a round-the-clock basis), is expected to continue its strong performance. The networks sub count for 1984 was 22.6 million; its per sub rate of $2.30 is expected to reach $3.19 this year. Revenues for 1984 at $52 million are projected by Kagan to soar to $83 million.

Although *CBN* slumped in viewership for the third quarter, Kagan projects that the network will boost its overall 1984 revenue of $26 million to $39 million this year.

CABLE'S GAINS AND SETBACKS

24-HOUR AD-SUPPORTED NETWORK AUDIENCE (households)

Cable services	3rd Quarter 1984	2nd Quarter 1984	Change
WTBS	661,000	661,000	0%
MTV	236,000	236,000	0%
USA Network	209,000	224,000	− 7%
ESPN	197,000	239,000	−18%
CNN	196,000	173,000	+13%
CBN Cable	194,000	203,000	− 4%
Nashville Network*	93,000	64,000	+45%
CNN Headline	57,000	50,000**	+14%
Lifetime	57,000**	53,000**	+ 8%

PRIME-TIME AD-SUPPORTED NETWORK AUDIENCE

Cable services	3rd Quarter 1984	2nd Quarter 1984	Change
WTBS	1,196,000	1,209,000	− 1%
ESPN	427,000	605,000	−29%
USA Network	391,000	413,000	− 5%
MTV	330,000	349,000	− 5%
CBN Cable	278,000	305,000	− 9%
CNN	260,000	194,000	+34%
Nashville Network	194,000	127,000	+53%
CNN Headline	83,000	127,000	+53%
Lifetime	77,000**	101,000	−24%

* 18-hour rating from 9 a.m.-3 a.m. (ET).
** Includes some dayparts below the reportable minimum
NOTE: Prime time for WTBS, USA, CBN, CNN and Lifetime is 8-11 p.m. (ET) Monday-Saturday; Sunday 7-11 p.m. Prime time for ESPN and Nashville Network is 8-11 p.m. Monday-Sunday. Prime time for MTV is 7-11 p.m. Monday-Sunday. Prime time for Nashville Network is 9 p.m.-midnight Monday-Sunday. Prime Time for CNN Headline is 8-11 p.m. Monday-Friday; 6-11 p.m. Saturday and Sunday.
Source: A.C. Nielsen Co.

NEW IN MEDIA

Dorm magazine targets university students

It's pretty unusual when a 23-year-old, a year out of college (even if it was Cornell University), gets a head start in the magazine publishing business by starting one. That's exactly what Douglas Ranalli has done by creating a bi-annual controlled circulation publication that goes to 800,000 college students on 180 campuses.

The first issue of *Dorm* is supported by an impressive list of national advertisers, including Revlon, AT&T, Ford, *Time*, The Army Reserve, General Foods, Anheuser-Busch, and *Omni* magazine. Ranalli sold the advertising on his own but he has hired an editorial staff to produce the book.

A twist to the national *Dorm*, which features four-color and professional-looking graphics, is the distribution method. *Dorm* is guaranteeing that 100% of its circulation will be delivered to students through the U.S. mail. Students targeted, as *Dorm*'s title implies, live in university housing.

Dorm has some pretty stiff competition from other more established publishers who have discovered the lucrative college market and advertisers hungry for it. *Newsweek* publishes an "On Campus" edition and *Business Week* has a guide to careers. Beyond those, there are *Ampersand*, *Campus Voice* and *Directory of Classes*.

Ramalli, whose company, Campus Publishing, is located in Upper Saddle River, NJ, is charging advertisers $23,800 for a four-color page and $18,700 for a black-and-white page.

New Year raises in rates for magazines

Sports Illustrated is raising ad rates by 8.9% so that a black-and-white page will go for $48,315 and a four-color one for $75,37?. Included in the new rates is circulation growth of 75,000 or 2.9% to a new rate base of 2,625,000.

Discover adjusts rates downward for a 30% reduction in advertising CPM and more significantly, the lowest black-and-white page rate in the science field. The rate base also declines to 850,000 from 935,000. Meanwhile, the magazine's newsstand price will rise to $2.50 from the current $2 and the cost of a one-year subscription will increase to $24 from $22.

Country Living's circulation rate base will increase 18%, from 1,100,000 to 1,300,000 beginning with the January 1985 issue. Advertising rates will also go up by 18%.

Field & Stream will increase ad rates to $43,040 for a four-color page and to $28,610 for a black-and-white, effective in February.

Science 85's ad rates increase by 6.9% with the January/February issue. The four-color page rate will increase to $19,100 from the current 17,900, changing CPM from $25.57 to $27.29.

Metropolitan Home is raising rates by 8% in the new year. A four-color page will cost $17,850 and a black-and-white page, $12,620.

New York magazine moves the rate base from 400,000 to 415,000, an increase of 3.75%. Rates go up by 8.75% this month.

Money increases its circulation rate base by 100,000 to 1.5 million effective in January. The 7.1% increase will be accompanied by a 7% increase in the magazine's advertising cost per thousand.

The feature story on the *New York Daily News* (pg. 64, November issue of *Marketing & Media Decisions*), carried a chart comparing weekday linage figures for the *News*, the *Post*, and the *Times*. To round out the picture, here are both weekday and Sunday totals, as reported by Media Records.

Actual linage YTD June 1984

	This year		Last year		Gain or loss	Gain or loss
	Lines	Share	Lines	Share	June 1984 vs. June 1983	June 1983 vs. June 1982
New York Times	52,079,700	22.9	50,199,500	23.2	5.5%	0.5%
Sunday total	32,112,200	13.9	29,716,800	13.7	8.0%	0.2%
Weekday total	20,867,500	9.0	20,482,700	9.5	1.8%	0.9%
New York News	27,974,100	12.1	26,819,000	12.4	4.3%	7.6%
Sunday total	10,345,300	4.5	10,311,900	4.8	0.3%	3.7%
Weekday total	17,628,800	7.6	16,507,100	7.6	6.7%	10.3%
New York Post	6,399,700	2.8	6,521,200	3.0	−1.8%	5.1%
Weekday total	6,399,700	2.8	6,521,200	3.0	−1.8%	5.1%

Source: Media Records

Ric Levy, heads up Camelot Entertainment's efforts for Wheel of Fortune *and* Jeopardy.

Lawrence Gershman, president, MGM/UA will be offering the MGM/UA Premier Network.

cause of the changing face of network television; the networks simply aren't buying as many theatrical films from movie studios as they have in the past. Ventures like *Embassy Night At The Movies, LBS Movie of the Month, Warner Bros. First Edition* and the *MGM/UA Premiere Network*, are all ad-supported outlets benefitting from the ample supply of commercially viable films that received pay tv exposure but no network television runs.

"One area where barter certainly is making inroads is in the feature film package," says Neil Hoffman, vice president of programing for Metromedia Television. "Now that the networks are buying fewer theatricals, the syndicators are trying to do something with that window that used to go to the networks. A lot of the feature packages being syndicated now have an initial window of barter, and then turn into a sort of traditional feature package for cash in the back end window," he explains. "That's been big this past year, especially the feature film with the barter window up front."

Another nuance to consider, says Gary Lieberthal, president of Embassy Television, who is more than happy to reel off the numbers for *Embassy Night At The Movies*, is that "the back end of a picture is almost becoming the front end. The box office is now almost coincidental to pay tv, movie networks, or network sales, or even videocassette sales," he believes. "We're leading the parade now with the movies, in terms of revenues and coverage," he claims, "but what we do next depends on programing. Our attitude is that we'll develop the programing and then figure out how to sell it."

Also highly optimistic is Gary Montanus, SFM's director of program marketing. "We will probably triple our ad-supported business revenues this year, by doing special projects and taking on series rather than just doing specials as we have in the past few years," he predicts. "We're finding that clients are coming to us and saying that they want something produced for a special event or promotion; maybe it's the tail wagging the dog, with the show being the focal point, but the merchandising and promotion going into the show are the main elements," he says.

"The days of just planning for a particular daypart and hoping to launch a particular show are gone, except if you're doing a strip like a game show that you know is designed for prime access," sums up Shelly Schwab, senior vice president, marketing, MCA-TV. "We're in the once-a-week business, and we produce programing that will be comfortable running anywhere from 4 p.m. to midnight."

Continuing, he notes, "Ad-supported syndication has grown, and will continue to grow at an enormous pace. The figure that was mentioned at the Television Bureau of Advertising meeting in Chicago — $500 million — is, in my opinion, a conservative figure. I think we're on our way to a billion dollars in 1990."

Dave Potorti

Advertisers flock to ad-supported syndication

It was only five years ago that national advertisers looked askance at ad-supported syndication and wondered if barter was worth the bother.

Even the most zealous cost-conscious advertisers were hard pressed to see the payoff in ad-supported syndication. The buy, went the complaint, compared with network tv was a hassle, and a risky one — erratic station lineups posing under-delivery problems for third rate programing which was unlikely to survive the season.

"The thinking then was why take the trouble," recalls Willard Hadlock, Leo Burnett's vice president, media. "If network CPMs were $4 and CPMs for syndicated shows were $3.90, with only half the delivery, why hassle over the dime." That attitude, he hastens to add, "is not the case today." Certainly not at Burnett. In all likelihood, that Chicago-based agency is one of the biggest buyers of syndication programing, handling all of those kinds of buys for Procter & Gamble.

Dennis Gillespie, this year's ASTA president and president of Viacom Enterprises.

Robert Riesenberg, senior vice president, associate director of programing, BBDO.

Indeed, ad-supported syndication has earned respect from a once doubting advertising community. While the problems of under-delivery and sometimes less than Emmy Award-winning quality programs still abound, the risk

has been reduced. Furthermore, today's buy in barter syndication can be truly national, with programs such as *Entertainment Tonight* and *Wheel of Fortune* delivering 80% of the country along with respectable ratings at an attractive price. And advertisers now are singing the virtues of barter, citing it as cost efficient, timely, flexible, targetable and most reassuringly, guaranteed, with cash-back policies if under-delivered.

With network tv costs rising dramatically at the same time ratings continue to descend, advertisers are flocking to their new-found medium. Leo Burnett, for example, billed $45-$50 million last year in barter syndication.

That is a whopping sum considering that in 1972 the entire ad-supported syndication business posted a grand total of $30 million. Syndicators are projecting ad volume in 1985 will hit the $600 million mark, up handsomely from last year's $500 million.

If business continues at this pace, ad-supported syndication will be a billion-dollar business by 1989-90, envisions Dennis Gillespie, president of Viacom Enterprises and this year's president of the two-year old Advertiser Syndicated Television Association. ASTA's mission is to ensure that the professionalism and growth that barter syndication has exhibited over the last five years continues.

"But, there's still a lot of work to be done," freely admits ASTA's Gillespie, who points to one of the current problems plaguing the industry — the lack of reliable research. ASTA, he promises, is hard at work with A.C. Nielsen to find some solutions.

Who's spending what

As fast as barter is growing, the current $500 million figure is only a drop in the bucket, compared with total network tv advertising expenditures. Last year, total network tv ad volume was estimated at nearly $9 billion, meaning barter represents only about 5% of that total. Information as to who's spending what, where and when in barter syndication, is not easily gleaned since the nascent ASTA organization has not yet set out to track that data.

What ASTA does know, according to its own research, is that 96 of the nation's top 100 advertisers engage in ad-supported syndication to one extent or another. Some of those advertisers allocated as much as 25% of their total network tv budgets in the medium last year, although the average spending level was much lower, about 5%-10%. "What the big spenders in syndication have in common is that they're companies with many brands, and are in the high volume, low cost end of the advertising business," explains Gillespie. His own list of the biggest spenders in syndication includes Procter & Gamble, General Foods, Bristol Meyers, American Cyanimid, Richardson Vicks, Sterling Drugs and Johnson & Johnson. Beer advertisers are beginning to join the barter brigade too, he says, because more syndicated sports programing is finding its way on to the air.

Ralston Purina, for example, is a typical spender in syndication, allocating less than 10% of its total broadcast budget to the medium. "While we do a small amount in syndication, it has increased," reports Bill Claggett, vice president and director of advertising and marketing services, Ralston Purina. Claggett buys most of his syndication throughout the year, rather than in the upfront market. Ralston Purina uses barter for reaching light tv viewers — who make up 40% of the company's sales — as well as a way of tackling the problem of network under-delivery on the West Coast.

In addition, Ralston has been a sole sponsor for a nationally syndicated special on pets. But Claggett cautions that sole sponsorships can still be risky business. "So many of the shows in syndication fail, and it's risky if you're the only sponsor," he laments, apparently having been burned.

Agencies, too, are getting more active in the barter syndication business by funding and packaging programs for clients. FCB/Telecom, the national tv programing division of Foote, Cone & Belding, will be launching a new weekly syndicated show at NATPE this month called *Seeing Stars*. FCB client

NEW AD-SUPPORTED PROGRAMMING
FIRST-RUN HALF HOUR STRIPS **

Name	Distributor	Episodes	Terms	National/Local
Catch Phrase	Group W	195/65	cash/barter	2 (national 30's)
Willard's World	Group W		cash/barter	2 (national 30's)
Headline Chasers	King World	195/65	cash/barter	
Love Songs*	On The Air	140/35	cash/barter	1 (national 30)
Newlywed Game	Barris/Firestone	175/85	cash/barter	2 (national 30's)
Price Is Right	Program Source	170/90	cash/barter	2 (national 30's)
$100,000 Pyramid	20th Century Fox	200/60	cash/barter	1 (national 30)
Jackie Sorensen Show	Centerpoint	196/65	barter	2/3
Million $ Body Challenge	Centerpoint	195/65	barter	2/3
New Dick Clark Show	Program Source	230/30	cash/barter	1 (national 30)

All shows available Sept. 1985 unless noted
* Available January 1985
** Courtesy Petry Television

Clorox has already committed to one of the two and a half minutes being held back for national syndication. But Clorox's director of media opeations, Bob Bolte, stipulates, "that's provided the program gets decent clearance." Bolte said that while Clorox had the option of being the sole national sponsor, he chose a partial sponsorship instead.

Orbis Communications, headed by former LBS Communications executive, Robert Turner, will distribute *Seeing Stars* and sell the national ad time as well. Turner describes the show as an "ideal mid-season replacement" for tired reruns. The show features celebrity profiles and contains reviews of current films.

Over at Coca Cola, William H. Lynn, corporate media director, reports that the soft drink company is now earmarking about 8%-10% of its national broadcast budget toward ad-supported syndication. At one level, Coke participates in programs aimed directly at younger audiences, such as *Entertainment Tonight, Solid Gold* and *Putting On The Hits*, because of the brands' demographic requirements. Coke is also participating as a major sponsor in the LBS movie package as well as MGM/UA's movie package.

Advertisers and agency broadcast directors heading out West to NATPE are hoping to find more first-run programing across the board. Their goal is to use it as a weapon of keeping network tv costs down in all dayparts, reports Robert Riesenberg, senior vice president and associate director of network programing at BBDO. Their hope is that syndicated first-run, barter programing will serve as a hedge against network increases. Many agency media directors, for example, believe that the heavy volume of first-run product in the kids upfront network market last year helped keep 1984-85 costs low.

For Riesenberg's own clients' needs, "which skew young," he says, he would like to see more first-run syndication aimed at men. "There's a real void out there, just as a couple of years ago there was a void in kids syndication," he notes. What would fill the bill would be more business shows or sports syndication, he suggests, "but not more sporting events. God knows we have enough of that."

BBDO buys nearly half of its syndicated product in the upfront market and the rest scattered throughout the year, as opportunities present themselves. Riesenberg will also be looking for sole sponsorship opportunities for his clients at NATPE, and throughout the year. Two of the agency's clients are active players in the barter arena — American Cyanamid's Old Spice division and Campbell Soups. American Cyanamid, for example, had funded a series of one-hour specials — *Stars With David Steinberg* — holding an equity position in the show and taking one-half of the national barter time. Campbell Soups is funding 15, half-hour family dramas with Multimedia entitled, *Young People's Specials*, whereby Campbell's will be the sole national sponsor as well as having an equity position in the project.

Leo Burnett's Hadlock, like many of his counterparts at other agencies, will make the trek out to NATPE with an open mind, "not looking for anything in particular — just that the syndicators

NEW AD-SUPPORTED PROGRAMMING
FIRST RUN HOUR STRIPS

Name	Distributor	Episodes	Terms	National/Local
America	Paramount	260	cash/barter	3 minutes national
Alive & Well	Orbis	130	barter	5/7

All shows available Sept. 1985 unless noted

NEW AD-SUPPORTED PROGRAMMING
CHILDREN'S HALF-HOUR ANIMATED

Name	Distributor	Episodes	Terms	National/Local
Jetsons	Worldvision	65	barter	2/4
M.A.S.K.	LBS	65	barter	2/4
She-Ra	Group W	65	barter	2/4
Terrahawks	Primetime Ent.	65	cash/barter	2 (national 30's)
Thundercats	Telepictures	65	barter	2/4
Jason & The Wheeled Warriors	SFM	65	barter	2/4
Transformers	Claster	65	cash/barter	1 (national 30)
Fun-Tastic World of Hanna Barbera (90 minute block)	Worldvision		barter	6/12

All shows available Sept. 1985 unless noted

guarantee pricing and ratings," he cautions. Hadlock, however, is expecting some price increases this season, explaining "that the networks set the ceiling for syndication, and if their prices go up, so will syndication prices, and conversely, if network prices drop, that will happen in syndication as well." But at this early point in time, he says he's not "expecting anything radically different this up front."

Over at J. Walter Thompson, Richard Kostyra, senior vice president, media director, reports that the agency's clients on average are allocating about 4%-5% of their national broadcast budgets to syndication. "But that amount varies dramatically, account by account, with some of our clients not involved at all in syndication, and others at the 15% level," Kostyra adds. This NATPE go-round, Kostyra says, his broadcast staff will "be looking for something different in prime access," and probably renew successful shows such as *Putting On The Hits*, *Entertainment Tonight* and *PM Magazine*.

As for an early reading on what kind of pricing situation will prevail in the upfront syndication market, Kostyra sees early signs now of a soft network up front which would mean a softer upfront market for syndication as well. The soft signs were a slow fourth quarter network scatter market, followed by the traditional first quarter slowdown. That, coupled with advertisers who bought heavy into daytime last up front, exercising sell-off options and bailing out, herald a slow upfront market in Kostyra's thinking. "The network up front could be quite a battleground next season," he reasons, pointing to ABC's problems this season which could spark a highly competitive pricing battle with NBC.

Given that scenario, Kostyra thinks that the upfront market for syndication may not come off as early as last year's when activity heated up right after NATPE in February. "That may not happen this year," he predicts.

Some agency media directors don't believe that the upfront market for syndication even exists. "I think it's wrong for syndicators to try to sell themselves like broadcast tv, trying to create this mythical supply and demand situation," asserts Phil Guarascio, senior vice president, director of media management, Benton & Bowles. Guarascio argues that most of the shows, "the solid ones," are bought on a long-term, multi-year option. "The rest of it is buying something on Friday night to run on Saturday, a tactical, not a strategic buy," he adds.

Still other media directors will counter-argue that the barter syndicators *should* pattern their behavior after the networks and strive for more professionalism. That's the view of Paul Isaacson, who heads up Young & Rubicam's media department. "I've taken a more aggressive approach on syndication wherever possible and clients are increasing advertising expenditures there. But syndication is not a planned medium at this point — it does not enter into many media plans — it's simply siphoned out of network and allocated before the network buys," Isaacson explains.

"Syndicators, however, should aspire to be a planned media by offering comparability with other established broadcast media," he suggests. While syndication has its strengths, specifically its ability to target audiences not available from the networks in shows

NEW AD-SUPPORTED PROGRAMMING
FIRST-RUN HALF HOURS, WEEKLY

Name	Distributor	Episodes	Terms	National/Local
Hollywood Rough Cuts *	SFM	20/6	barter	2½/3½
It's A Living	Golden West	26	barter	3/3½
Rock Review	World Events Productions	52	barter	2/4
Growing Young	Silverbach/Lazarus	18/8	barter	2½/3½
Deja View	All American		barter	

All shows available Sept. 1985 unless noted
* Available January 1985

NEW AD-SUPPORTED PROGRAMMING
FIRST-RUN HOURS, WEEKLY

Name	Distributor	Episodes	Terms	National/Local
America	Paramount	52	barter	6/7
Exciting People/Exotic Places	TPE	26	barter	6/6
Return to Eden	Worldvision	26	cash/barter	2 (national 30's)
Music of Your Life	Group W	24	barter	5/7
The Start of Something Big	TPE	26	barter	6/6

All shows available Sept. 1985 unless noted

such as *Solid Gold*, Isaacson, nevertheless, sees some shortfalls. "The category is still striving for legitimacy, and I believe that they will achieve it in fairly short order, but they should be able to say whether a commercial ran or not," he points out.

But ASTA's Gillespie says it's highly unlikely that first-run syndication will ever become a separate media budget item. "It operates the same way network tv does and there's no need to treat it any differently — it's bought exactly the same way," he argues.

Where it's going

Speaking as the president of Viacom Worldwide, and not as the president of ASTA, Gillespie has his own views on where he thinks the syndication business is going. For starters he believes that first-run syndication, with ad-supported elements, will certainly continue to play an increasingly larger role in the future. That's partially because program distributors favor the arrangement and find it a sound business practice. Because programing production costs continue to soar, syndicators now would rather have their money up front from national advertisers than collect licensing fees after the fact from stations. "And the willingness from advertisers to support this kind of programing has created far more competition and far more programing opportunities for stations and advertisers alike," he adds.

Gillespie also predicts that more off-network programing — à la *Fame* and *Too Close For Comfort* — will find its way into first-run syndication. That's because distributors are finding that network shows with two-or-three year runs can be successfully syndicated and that new episodes can be produced later, creating strips — the ultimate goal in syndication. That was the path that *Too Close For Comfort* blazed for itself, when last fall, 14 stations in its lineup began running the once weekly

NEW AD-SUPPORTED PROGRAMMING
SPECIALS/MOVIE NIGHTS/MISCELLANEOUS

Name	Distributor	Episodes	Terms	National/Local
Inday -INDAY News -What's Hot, What's Not (plus two other half hours)	LBS	52	barter	14/12
Metroprime -Empire (6 hr. miniseries) -Jamaica Inn (4 hr. miniseries) -Far Pavilions (6 hr. miniseries)	Orbis		barter	10½/11½
Warner First Edition -Bobby Deerfield -Rollover -Agatha	Orbis		barter	10½/13½
Something Truly Special * -The Complete Beatles -Crosby, Stills & Nash -Loretta Lynn -Evening with Ray Charles	MCA		barter	5½/7
OMNI...Visions of Tomorrow	All American			
Rainbow Brite	SFM	5 half hours in March	barter	3/3
Rose Petal Place	SFM	1 half hour in March	barter	3/3
Return to Eden	Worldvision	22 hours	cash/barter	1 (national 60)
Start of Something Big Exciting People & Exotic Places	TPE	3 hour special	barter	12/12
Bobby Vinton Show	Worldvision	1 hour special	barter	6/6
Stuntman of the Year Awards	Golden West		barter	
MGM/UA Premiere Network	MGM/UA		barter	10½/11½

* Available Sept. 1985 unless noted

program as a five-day a week strip. And already on the eve of NATPE, Taffner/Ltd, producers of *Too Close . . .*, announced that the lineup has grown to 35 markets carrying the strip.

Just at press time, for example, LBS Communications has struck up a deal with Columbia Television to take off network, *What's Happening*, a half hour show which ran on ABC from November, 1976 to May, 1979, ending with a season rating of 20.1.

Another trend, and one which is already picking up steam, is the new release pattern for theatrical films, notes Gillespie. Feature films, such as the package peddled by MGM/UA, are bypassing the network window and going into syndication following their theatrical and pay run on cable tv.

And on the thorny issue of station resistance to barter programing, Gillespie believes that stations will eventually come around and see barter syndication as an opportunity, rather than a threat. Over the past two years, stations have voiced growing concern about regaining control of their commercial inventory time. They say that they would rather pay cash than give away inventory in exchange for the "free" programing. "Yes, it's a genuine concern on the part of stations," Gillespie acknowledges, "but they fear that those ad dollars are coming out of spot budgets. They are coming out of network tv budgets," he asserts.

Futhermore, he reiterates that ad-supported syndication has created healthy competition and more opportunities for stations and advertisers alike. "The bottom line is, it's a healthy growing environment for everyone," he concludes.

Marianne Paskowski

PROFILE

Rituals Struggles To Build Audience

Rituals *will have more good guys to root for.*

The jury is still out on what could be a breakthrough program form in first-run syndicated strip — the soap opera. *Rituals*, a $15 million venture, distributed by Telepictures and co-financed with Metromedia, was launched with much fanfare last September 10. It opened in 107 markets covering 85% of the country, and was backed with the largest promotion budget in Telepictures' history — $1 million in the first year alone. *Rituals* was billed as a "powerhouse for indies in prime time," and a strong vehicle for network affiliates in the late afternoon time slot.

Costing $300,000 a week to produce, the show is a huge gamble, but one with potentially equally impressive payoff. If *Rituals* catches on, it will become a syndicated program that could conceivably run for years, as a powerful showcase for advertisers.

Telepictures knew it wouldn't be easy to draw an audience and, therefore, advertiser support. After all, *Rituals* was to be launched against fall premieres on the networks in the all-important fourth quarter, and viewing patterns would be further scrambled by the World Series and football. Ideally, Telepictures thought *Rituals* would do best coming out of network soaps at 4 p.m. EST.

However, the ideal does not seem to be occurring. Approximately 20% of the stations carrying the show are airing it in prime time, 20% in prime access, and the rest in early fringe. (Of the 107 stations, 83 are network affiliates and 24 are indies.) Notes one disgruntled media director, "This is an extremely erratic lineup. *Rituals* needs a common time period so that advertisers can have some efficiencies in reaching audiences." Furthermore, he notes, "Operation Prime Time has managed to do this." Making matters worse, *Rituals* has drawn low ratings. The soaper pulled a national Nielsen rating of 2.3 in October's book.

Telepictures says that it matched its pre-launch optimism with the caveat that soap operas take a long time to build. It stressed that patience would be essential.

Some advertisers and their agencies have been patient indeed. Among *Rituals*' largest advertisers are Helene Curtis, Beech Nut, Richardson Vicks and Clorox. Other less frequent sponsors include a lineup consisting of Sears Portrait Studios, Union Carbide, Heinz, Mattel and Starkist Tuna.

"It's a well done show, and it could succeed if stations back it with promotion and nurturance," concludes Robert Riesenberg, senior vice presi-

be 10% in VCR households and 4% in total tv households.

In our opinion, there are a number of steps which should be taken now. They include the following:

- *Nielsen should report average minute commercial audience, in addition to average minute program audience, on a regular basis for households.* After all, we are implicitly paying for the audience to watch our commercial. If commercial audiences are smaller than program audiences, we must know that so we can properly negotiate with the networks.

We also recognize that a need exists for program audience data since the networks use it to gauge the "success" of their programing ventures.

- *Nielsen should not count unattended VCR recordings as tv viewing.* Since we do not have any objective mechanism for the determination of the activities which take place during the replay of the VCR recording (i.e., fast forwarding over commercials), it is our judgment that it should not be included in a program's audience, let alone a commercial audience measurement.

Our judgment has some support from a study conducted by Nielsen about usage of VCRs. Twenty percent of recordings are never played back. Of the 80% that were played back, approximately two out of three viewing households fast forwarded over the commercials.

- *Nielsen should not count "tune-ins" or "tune-outs" occurring during commercial pods as viewing.* The "mind-set" of the viewer who is engaged in channel switching during a commercial break is not, we believe, conducive to producing a commercial exposure. This is because they are seeking out alternative programing — not commercials — and will switch channels until they find a program which appeals to them.

- *Research will have to be conducted on what gives a commercial "stopping" power.* There are some commercials that we know tv viewers enjoy watching. For example, consider the Michael Jackson Pepsi-Cola commercials which showed Michael and his brothers singing to the hit "Billie Jean," or the Wendy's "Where's the beef" commercials which have made a celebrity out of the main character.

The bottom line is that we require on-going rating reports that provide us with average minute commercial audience measurement *excluding* "time-shift" VCR taping and all channel switching during the commercial pods.

But's let's not forget that commercial audience data will not solve the problem of physical zapping. Additional research is needed in this area. ■

MAGAZINES
By DEBBIE SOLOMON
Media research supervisor,
Leo Burnett U.S.A., Chicago

Magazine advertising expenditures

How much do magazines spend to advertise themselves? A review of the 1983 consumer ad expenditures of magazines showed a range of $0 to $24 million. The top spenders, unsurprisingly, tended to be those with larger circulations (*TV Guide, National Enquirer, People*) although one smaller circulation magazine, *Inc.*, had a substantial consumer ad budget in 1983.

Perhaps the most interesting thing about the leading magazines' ad spending is the amount they put into network and spot television. While magazines ask advertisers to take money out of their tv budgets and put it into print, the magazines are putting their own advertising efforts into television. With the exception of the business publications and *Prevention*, 80% to 100% of ad dollars spent by the top 20 spending magazines went into television. Even

LOOK AROUND.

Look at circulation. Look at decision makers. Look at cost. *Nation's Business* runs rings around the competition. To see what we can do for you, call your *Nation's Business* Representative or Brett Perrine, Advertising Director, at (212) 370-1440. And be sure to ask about our key market studies on trucks, small computers, word processors and copiers.

	Rate Base (000)	CPM	Top Management (000)	CPM
Nation's Business	**850**	**$18.80**	**559**	**$28.57**
Inc.	550	34.44	368	51.40
Venture	275	34.36	188	50.39

Nobody reaches the nation's business like Nation's Business.

the business books used some television.

Chart A lists the top 20 spenders with their total and tv spending levels. It should be noted that these estimates do not include affiliated advertising which is the advertising for one publication in another owned by the same publisher (for example, an ad for *Time* in *Life*).

Among the major groups of magazines, Time Inc. spent the most money, almost $31 million. The others spent much less: New York Times Co., $6.5 million; CBS Inc., $3.4 million; Hearst, $2.0 million; Rodale Press, $1.6 million; Conde Nast, $1.5 million; and Knapp Communications, $.9 million.

Another way to look at ad spending is to examine its relation to the number of copies sold. This varied considerably by magazine. *People*, for example, spent over $97 per thousand copies sold while *Redbook* spent 8¢ and *Modern Maturity* spent nothing. Chart B lists the top 20 magazines ranked by total circulation, the amount they spent per thousand copies sold and their readers-per-copy estimates. Some of the magazines with the highest ad expenditures are those with the highest readers-per-copy estimates. This suggests that advertising spending is one of the factors that affects readers-per-copy levels.

Overall, there seems to be no rule-of-thumb concerning the relationship between the amount a magazine spends on advertising and its circulation. However, the analysis indicates that many magazines are advertising to maintain or expand their audiences. ■

A Top 20 publications in ad spending — 1983

Rank	Publication	Total Spending (000)	Network TV (000)	Spot TV (000)	TV % of total
1	TV Guide	24,159	—	21,424	88%
2	National Enquirer	20,618	18,914	1,705	100
3	People	13,849	3,170	10,123	95
4	Wall Street Journal	12,746	1,653	2,606	33
5	Time	10,903	—	9,523	87
6	The Star	6,982	2,728	4,254	100
7	Reader's Digest	5,157	4,876	277	99
8	Family Circle	5,082	288	4,347	91
9	Newsweek	5,007	4	3,986	79
10	Sports Illustrated	3,234	40	2,978	93
11	Barron's	3,123	100	1,142	40
12	Woman's Day	3,075	2,751	293	98
13	U.S. News & World Report	2,804	264	1,615	67
14	Inc.	2,441	28	256	11
15	Changing Times	2,352	2,311	41	100
16	Business Week	2,012	276	322	30
17	Prevention	1,489	—	201	13
18	Smithsonian	1,462	—	594	40
19	National Geographic	1,062	992	70	100
20	National Geographic's World	1,036	1,033	3	100

Source: LNA, 1983.

B Top 20 magazines in total circulation — 1983

Rank	Magazine	Ad $ Spent/ 000 Copies Sold	Adult Readers-Per-Copy
1	Reader's Digest	$23.72	2.19
2	TV Guide	27.06	2.41
3	National Geographic	8.43	2.62
4	Modern Maturity	—	N/A
5	Better Homes & Gardens	.38	2.76
6	Family Circle	41.22	2.88
7	Woman's Day	29.33	2.45
8	McCall's	3.86	2.53
9	Good Housekeeping	8.18	4.03
10	Ladies' Home Journal	—	2.88
11	National Enquirer	81.07	4.77
12	Time	44.93	4.61
13	Playboy	2.76	2.72
14	Redbook	.08	2.43
15	The Star	35.74	3.81
16	Penthouse	3.48	1.83
17	Newsweek	31.77	5.45
18	Cosmopolitan	7.44	3.80
19	People	97.13	7.96
20	Prevention	46.02	2.05

NEWSPAPERS
By JACK COHEN
VP, Dir. of print media buying, Doyle Dane Bernbach

Agencies review retail requirements

Several years back I did the newspaper column for this publication, and at that time reviewed for the newspaper medium the agencies and advertisers needs that must be met if national advertising linage and expenditures were to continue to prosper in newspapers.

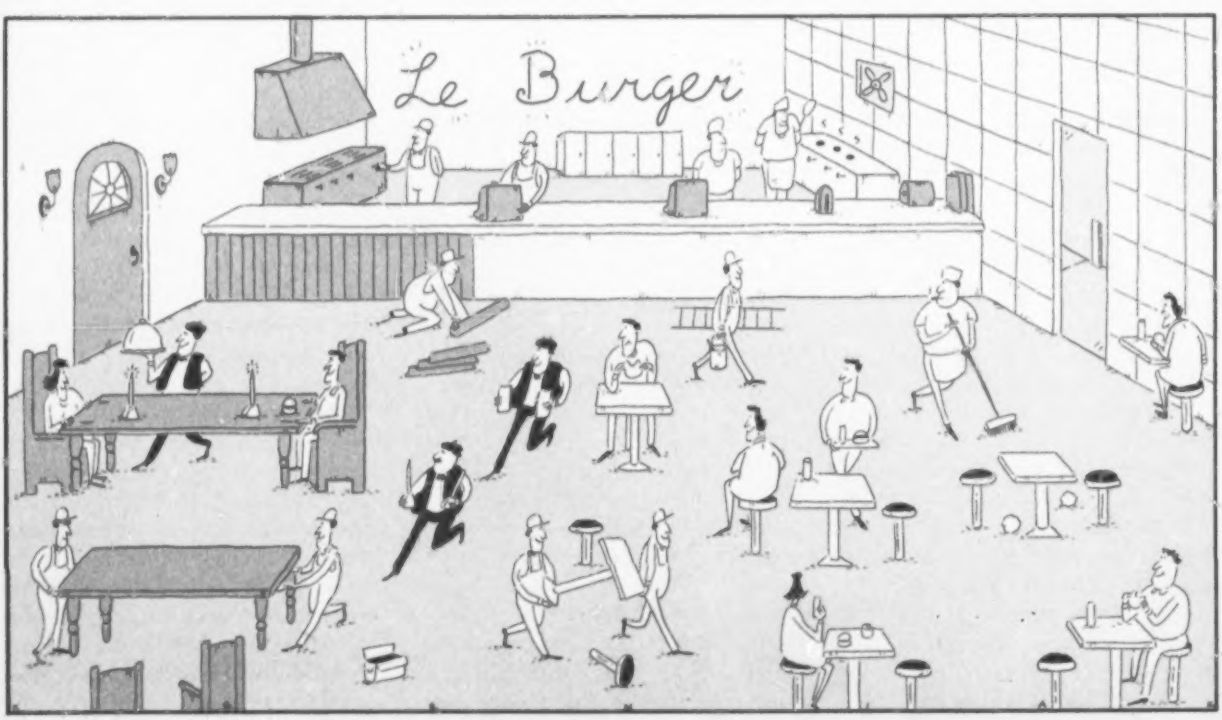
Not only did the newspaper medium

Fast palate-pleasers tempt baby boomers

Today, 30 million people will eat a meal prepared in less than 60 seconds — just as they did yesterday and will again tomorrow. These quick munchers will propel the fast food industry past 1984 revenues of $30 billion.

These results and projections make marketers like Edward H. Rensi, president of McDonald's USA, very happy. "Advertising and marketing get the consumers in the door, but it's the product that keeps them there," he declares. Rensi and his fast food compatriots have reason for continued cheer; with the industry growing at an average 18.6% yearly clip, according to statistics compiled by *Restaurant Hospitality*, fast food isn't just keeping consumers, it's attracting new ones in droves. These marketing mavens like to credit their success to QSCV — quality, service, cleanliness and value, the formula devised by fast food patron saint Ray Kroc, of McDonald's. But social changes are also benefitting the industry. Today, households are smaller, and are increasingly composed of either single adults or working couples, who have little time or inclination to cook. Americans spend about 32% of their food dollars eating out, a proportion that has remained fairly constant for several years. But the amount spent in fast food outlets has been rising steadily — 12.3% of the total this year, from 11.3% a year ago.

Fast food chains are reacting to these changes with frantic activity. Much of the energy is focused on attracting new prospects with products that won't alienate the existing customer base. Stepped-up efforts in most fast food chains to introduce new products acknowledge a fundamental change in consumer tastes — what most analysts are calling the "diversification of the American palate." Consumers are not only responsive to new tastes, but unwilling to settle for the same type of food — hence the 25.9% sales gain in the pizza category, and the 23.8% boost to Mexican food sales. The more traditional fast food chains are responding by broadening their limited menus



Mark Ksenak

with lighter foods or with items borrowed from other categories, such as McDonald's wildly successful Chicken McNuggets. "As long as these new products are generating real growth," comments Michael Culp, an industry analyst with Prudential Bache, "that's not a bad thing."

Good ideas do not remain proprietary for long in the aggressively competitive industry. After surveying the McNugget mania, two major chicken chains — KFC and Church's — have stepped in with similar products. Consumption of chicken is rising because consumers perceive it as a healthy alternative to beef. And, happily for the fast food chains, chicken prices have remained between $.45 and $.60 per pound, as compared with beef prices, which have more than doubled.

Nor are good ideas limited to menu items: cherry-picking extends to contemplating a rival's setup. Both Pizza Hut and KFC have been eyeing upstart Domino's Pizza (1984 sales of about $500 million), whose progress has been built entirely on home delivery. Now, these two chains are testing delivery systems of their own. Furthermore, predicts Culp, if such experiments prove successful, some chains may even try limited waitressing in certain locations.

Not only does this new group of fast food faddists want different kinds of products and convenience, they also want a more attractive restaurant-like ambience. Many chains are meeting the ubiquitous baby boom generation's demands with 'upscale' outlets. The next few years promise to be good ones for interior designers: major players, including Kentucky Fried Chicken, Wendy's and Taco Bell, are in the midst of system-wide overhauls.

Underlying this vigorous trial-and-error is a fundamental change in the industry: the neat lines segmenting one type of outlet from another are blurring.

Analyst Culp notes that the chains involved in diversifying their menu may find it harder to get a succinct message across: "It raises the risk of consumer confusion," he says.

Of course, a major key to a fast food chain's success is consumer awareness. National advertising figures for the first half of 1984 indicate a sharp boost in spending across the board. The industry half-year total leaped to $442.1 million, up from $321.2 million last year. Almost all the spending went into television: $408 million this year, and $310 million last. The importance of broadcast isn't lost on newer chains. "Everyone knows you can't have a successful fast food chain without television advertising," declares Joe Edwards, managing editor of *Nation's Restaurant News*. "That's why the emerging chains cluster their units in given ADI's — to get on spot."

Burger King targets adults with a balanced push behind burgers and salad.

These emerging chains aren't only in fast growth categories. In fact, there's competition springing up in just about every segment. For the burger chains, for instance, it's in the form of 'gourmet' hamburger chains, such as Flaky Jake's and Fudrucker's, with an average ticket several dollars above the industry average of $2.50. In some of these categories, Culp points out, there's room for more competition; even with the head-to-head battles in the pizza category, neither Pizza Hut nor Godfather's quite blankets the country — yet. Both seafood and Mexican chains are still regional segments. On the other hand, he says, "with all these choices, there isn't enough business to keep all the chains alive. It isn't clear yet which ones will survive, but there will be casualties in every segment."

Burgers

Say fast food, and everyone thinks burgers. With good reason: the segment is the industry's largest and most established. Annual sales of hamburger chains exceed $18 billion — more than half the industry total. Competition is tightly concentrated between the three leaders who control 80% of the market: number one McDonald's topped $9 billion in 1984; runner-up Burger King logged in at about $3.8 billion; and upstart Wendy's broke $2 billion.

Nor is peaceful co-existence in sight; in the two years since Burger King launched its well-known comparative campaign, marketing budgets have more than tripled, for a combined trio total of $800 million in 1984. This continued escalation tempts side-liners to dub every new move another round in the "Battle of the Burgers." Right now, all eyes are on McDonald's and Wendy's. Since the pugnacious number two chain resumed its "Broiling versus Frying" stance in a moderated form, the big question is whether this tack will set off another costly burger war. According to Edward H. Rensi, president of McDonald's USA, the leader will not become embroiled in hand-to-hand combat. "We've always taken the high road" he says about McDonald's advertising, adding, "ours is a class organization."

In the first go-round, Burger King's comparative campaign signaled a new, tough and ultimately successful turn for that chain. Flustered by the uncommon attack, McDonald's tried to stop the ads with a lawsuit, a blunder which did nothing but boost Burger King's profile — and sales — even further.

McDonald's, however, works from immense financial and physical

strength. The chain is the envy of all, with more than 6,400 outlets in the U.S. (to Burger King's 3,800), and is pressing ahead with its expansion program. By year's end, the company will have opened another 500 stores — or, as they like to say at corporate headquarters, "one new McDonald's every 18 hours." Many of these sites will be in "half-captive" markets, such as along toll roads and on military bases. Despite the size of the system, McDonald's aims and methods have remained unchanged for years: pour money into media and maintain a wholesome, event-oriented image. McDonald's pockets are DEEP: "We spend more than $1 million a day," boasts Paul D. Schrage, executive vice president and director of marketing. Most of that is targeted at the family ("the backbone of the business," according to him), but is also being spread out to attract new groups, such as singles.

Aware that success invites complacency, McDonald's is trying to modify its approach. The stores are getting spiffed up with more "contemporary decor" in an effort to boost average unit sales past $1.2 million (the industry averages little more than half that per outlet). McDonald's may also explore the McSnack concept, a smaller unit with a more limited menu that allows the company "to get into some tighter locations," says Schrage.

McDonald's has also updated its new product testing. Though the chain has hardly been hasty with introductions — McNuggets, which now contribute about 10% to sales, was the first major lasting addition in five years — it is feeling a little heat from successful upscale burger chains. "We want to put items into stores a little more quickly than we have," admits Schrage.

The marketing strategy, as well as the menu, varies markedly at Burger King. The self-professed "bad boys of the restaurant business" will pursue a tack initiated a few years ago. Before "Broiling versus Frying," Burger King copied McDonald's in its advertising and positioning — even going after the whole family with its clown-like Burger King character. No more, says marketer Dempsey firmly: the chain's audience is definitely an adult one. Now Burger King pits its media dollars (over $120 million in 1984) against McDonald's in prime time alone, instead of spreading them into other dayparts such as Saturday morning. "They spend three times what we do, so we have to concentrate our efforts," explains Dempsey. "The family is extremely important to us," he adds hastily, but it isn't Burger King's primary focus.

While the chain is focusing on adults, it is trying to broaden out from its traditionally male-skewed profile. Fresh from the introduction of the bacon double cheeseburger, Dempsey is pondering what to do about the salad bars, which so far have been a loss leader. One possibility is to restrict them to profitable outlets.

The other major player in this segment, Wendy's, is intent on capitalizing on what has been a tremendously successful year: between the now-fa-

Media expenditures, first half 1984

COMPANY	TOTAL	MAGAZINES	SUPPS	NET TV	SPOT TV	NET RADIO	SPOT RADIO	OUTDOOR
Burgers:								
McDonald's	$106,886.5	$386.8	--	$59,949.7	$42,456.5	--	$1,596.2	$2,499.3
Burger King	67,894.0	120.6	--	25,660.2	35,552.2	--	6,163.1	397.9
Wendy's	35,051.0	15.3	--	13,968.3	20,101.8	--	193.7	771.9
Chicken:								
KFC	32,657.3	--	--	21,097.4	10,540.6	--	802.9	216.4
Church's	4,009.9	--	--	--	4,009.9	--	--	--
Popeye's	1,606.1	--	--	--	1,540.9	--	4.9	60.3
Pizza:								
Pizza Hut	27,854.4	29.7	--	8,043.8	19,347.9	--	325.4	107.6
Godfather's	4,973.6	--	--	--	4,835.8	--	127.4	10.4
Domino's	2,216.6	--	--	--	2,062.1	--	154.5	--
Seafood:								
Red Lobster	13,329.1	--	--	5,870.1	6,769.1	46.3	566.2	77.4
Shoney's	1,051.9	--	--	--	475.0	--	322.7	254.2
Long John Silver	9,359.5	--	--	--	9,297.7	--	20.0	41.8
Mexican:								
Taco Bell	16,374.4	--	--	--	12,133.6	--	3,845.4	25.2
Chi-Chi's	1,903.3	--	--	--	1,833.9	--	23.2	46.2

Source: Leading National Advertisers, Radio Advertising Bureau

miliar series of "Where's The Beef?" commercials and the introduction of hot stuffed potatoes, the chain logged 15% sales increases for 1984. One unexpected bonus is the draw the television campaign has had among children — a group outside Wendy's traditionally adult audience. But William Welter, senior executive vice president, says Wendy's is "looking at changing its target." He adds that the chain is trying to be more "discriminating" about how it spends its $80 million ad budget.

Of all the players, Wendy's has been the most responsive to demographic changes. Right now, the chain is attacking on several fronts. Fresh from its assault on McDonald's — which it blind-sided with a $15 million campaign comparing its chicken breast sandwich to the processed McNuggets — Wendy's is pushing ahead at a punishing speed. A complete breakfast menu, including four omelets, a sandwich and a scrambled egg platter, have been rolling out in 1,250 of the chain's 3,000 stores. Wendy's is also testing another light menu item and an upscale

Going upscale with Cajun cuisine.

dinner platter that features a meat-and-side dish combo (possibly Salisbury steak and mashed potatoes). In the midst of all this, the chain is remodeling. "It's easier to change the store structure than to introduce a new item," comments Welter of the different means to boost business. "We're getting away from the box look with a greenhouse extension." He hopes the addition will improve the atmosphere — and also fill another 30 seats. The project, set to eventually blanket the country, is budgeted at over $200 million.

Chicken

The $4.5 billion chicken category is in the midst of radical segmentation. The two leaders — Kentucky Fried Chicken and Church's Fried Chicken — are determined to stick it out with their traditional outlook, while smaller, regional chains such as Popeye's and Bojangle's aim for an upscale niche. KFC and Church's, whose sales together represent about two-thirds of the total, are feeling the heat of competition from outside the industry for the first time. "The chicken chains," comments Culp, Prudential Bache's fast food analyst, "viewed the nugget as unworthy of them." And, he adds, "everyone underestimated how well that product would do."

KFC, which dominates the category handily with sales exceeding $2.5 billion, is now concerned about the nugget encroachment. To retaliate, the chain is rolling out its own style of finger-food in its 4,000 stores. "We wanted to wait until the product lived up to our slogan, 'We do chicken right,' " says Richard Mayer, chairman and chief executive officer of KFC USA. That message is supported with about $70 million.

Mayer has great hopes for KFC's nuggets. He expects they will shift the emphasis away from dinner — where KFC does most of its business — and into lunch and snacking. Mayer also talks of changing the chain's audience: the nuggets will attract more working women and more children. Does the move signal a new emphasis on increased menu additions, a facet of fast food marketing KFC has neglected in the past? "Yes and no," answers Mayer. "We're by no means going into the new-product-of-the-month-club." In fact, he has fewer than five slated for trial in the next five years. Most likely, the products will have already turned up first in other chains, as the buttermilk biscuits KFC introduced two years ago did. Mayer says he is wary of getting away from "the core strategy of making the best chicken."

HIGH TECH ADVERTISERS!!!

Here's the vital planning tool you need for 1985, the full year HiTAP, your high tech advertising placement and expenditure reference book.

Over $1 Billion in ad space, from 160 publications, meticulously cataloged. HiTAP will give you answers to: WHO is advertising, HOW many pages they ran, WHERE they placed their ads, and HOW MUCH they spent $$$.

HiTAP shows ad placements and expenditures for over 7,000 companies, covers all of 1984, and is available to you faster than any other high tech advertising research.

ORDER NOW. . .GET FREE BONUS.

At no extra cost, you will receive ADFocus — an overview of 1984 High Tech advertising trends, compiled from 1984 issues of ADvantages, C Systems' newsletter. Discover. . .which advertisers lead their product categories. . .which trade journals lead in ad pages. . .which product categories and individual companies are fastest growing. . .and many more marketing insights. Regularly published at $195. . .now *FREE*, while copies last, with paid orders for HiTAP. To order HiTAP send check for $495 (CT address, add 7½% sales tax). Price includes UPS delivery — for Federal Express add $20. or use your credit card and phone 9-5 EST to (203) 438-0652, Ext. 61

Csystems

C Systems, Ltd., Room 61, P.O. Box 637, Ridgefield, CT 06877

While starting an "aggressive new store program" that will add one outlet every day worldwide, KFC is also remodeling its current outlets. "We're getting rid of the tacky red and white," says Mayer, "and going for image-enhanced stores," a move based, he adds, on consumer research. Now that the baby boom generation is moving into the family demographic KFC has traditionally targeted, Mayer is particularly anxious to keep that base. He is even experimenting with home delivery — in a single store in Louisville — and with limited waitressing. Some of these outlets will be "continuous tests," but Mayer doubts that the changes will "sweep the industry."

Wendy's digs at McDonald's, to introduce its chicken sandwich.

Church's, on the other hand, is focusing marketing strategy elsewhere: the $500 million chain is concerned with regional upstarts. "We're concentrating our expansion in existing markets for greater media efficiency," says Fred Gonzales, vice president of marketing. The chain spent about $8 million last year, in part for the introduction of nuggets into 1,100 stores out of a total 1,400. And this year's budget will be signficantly more — about $20 million, according to Gonzales. Why such a boost? Gonzales explains that Church's "stood still" in the 1970's, and he's determined not to be left behind in this latest round of competitive self-improvement. He wants to turn the chain's customer base into a more stable, middle class one — away from the inner-city, lower-income audience Church's has depended upon so far. The first step is to improve the image by fixing up the stores themselves — even though more than 75% of the business is take-out (compared with about 70% for KFC).

The smaller chicken chains, on the other hand, are avoiding treading in territory that might lead to a costly confrontation with burger chains. With menus that feature slightly different tastes, such as Bojangles Cajun-style spicy fare, these chains are out to prove their difference. Smaller in size, (Popeye's sales are about $250 million, while Bojangles pulls in about $120 million), they are starting to take marketing seriously. "Our strong point," stresses Lamar Berry, marketing vice president of Popeye's, "is that we have unique items." The spending plan for the $4 million ad budget calls for heavying up in the Northeast and West, where Popeye's New Orleans-style cooking has found a welcome. Since the target is "young workers," spending is split between spot television and radio: "Our heaviest users," Berry says confidently, "are a nice, strong growing segment."

Pizza

Most of the activity in this $4 billion segment wasn't in the stores last year, but in the boardrooms of the two major chains. Though Pizza Hut, the segment leader (1984 sales +$1.5 billion), is three times the size of third place Godfather's (+$350 million), both are primed for a fight. So far, the main arena of conflict has been a novel one, not only for the fast food industry, but for marketers as a whole: Godfather's dragged Pizza Hut and its agency, Chiat/Day, into court to prevent the agency from disclosing information gleaned during a pitch to its larger rival. Amid much outcry from the advertising community which leaped to Chiat/Day's defense, a California court barred agency executives from disclosing Godfather's marketing information, but freed other agency employees to work on the account.

"I could care less about Godfather's," says Pizza Hut's Arthur Gunther.

This hue-and-cry caps two troubled years for Godfather's, now trying to nurse its wounds in private as parent Diversifood attempts a leveraged buy-out. Part of the problem was due to understaffing, which left many Godfather's outlets in the hands of inexperienced franchisees. This situation was exacerbated by the introduction of a deep dish product — Godfather's first new product introduction in ten years — which required a different preparation. Merrill Lynch analyst William Trainer says simply, "It was a fiasco. If this were a 100-unit chain with inexperienced management, you could understand it. But Godfather's rolled out the product to 83% of their 887 units, and then said, 'Oops.' " Godfather's declined to comment.

Meanwhile, industry analysts feel it will be another two years before the chain is back in fighting shape, leaving the field virtually clear for an aggressive Pizza Hut thrust. But Pizza Hut executives aren't cheering yet. There's still competition from local mom-and-pop operations.

Pizza Hut's outspoken president, Arthur Gunther, has big plans for the chain, and dismisses rivals such as Godfather's. "I could care less about Godfather's," he disdains. "If they catch a piece [of the business], so be it." With an eye on long-term growth, Gunther is moving on several fronts. He's counting on Chiat/Day to make a splash with a $65 million ad budget. Part of that will be targeted to the family. Gunther is also aiming to boost lunch business — mostly a singles target — where Pizza Hut made inroads

with the 6" personal pan pizza, introduced two years ago.

Gunther is also planning an escalating series of openings — 200 next year, 400 the year after — in what will probably be more upscale locations than the chain has had in the past. For the past four years, Pizza Hut has been remodeling, reaching for what Gunther calls "a traditional look." But the biggest news is that Pizza Hut has been testing delivery in five markets, an idea cribbed from competitor Domino's, whose $370 million business has been built exclusively on delivery. "We're actively looking at all formats, and at the effect of cannibalization on profits," he says. Pizza Hut does about 35% of its business in take-out. Gunther is confident, but determined to proceed slowly. "There are many people looking at delivery right now — like lemmings running into the sea. It's insane. It will kill eight in ten that attempt it," he says.

Seafood

There are no clear-cut leaders in the $1.5 billion fish segment. The dismemberment of the one-time leader, Arthur Treacher's, has left the field open for chains such as Long John Silver's (1984 sales of about $600 million) and Shoney's ($500 million), but none of these relatively small operations are in direct competition with one another. Long John Silver's, for example, is established in the Middle Atlantic and is pushing toward the West Coast. Shoney's, on the other hand, is firmly fixed in the Southeast. Though there is room to grow in this category — which has been spurting ahead at about 18% annually — consumer tastes in seafood are shifting away from deep fried fish, this segment's staple, and toward lighter menu items such as seafood salad, and boiled or poached fish.

There are no clear-cut leaders in the $1.5 billion fish segment.

Nor is this switch a guarantee of success for chains. Analyst Culp, of Prudential Bache, points out that these alternatives tend to be costlier and to complicate delivery. One seafood dinner house — not a direct competitor to the fast food chains — is trying to broaden its menu in just this way. Red Lobster has seen sales eroding, say observers, who point to a low price-value relationship for the chain. New to the menu in late 1984 are lighter items, such as salad and mesquite grills. The annual advertising budget stays the same: about $25 million.

Mexican

This category was last year's sensation and, says Taco Bell's senior vice president of marketing, Larry Higby, it shows no signs of slowing down. Analysts point to the popularity of Mexican food, which boomed over 20% in 1983 and 1984, as evidence that Americans are becoming more adventurous in their food choices. "Our target audience is expanding," believes Higby. The category leader, with sales over $700 million, is pushing to cover the country; by the end of 1984, Taco Bell had opened 300 new stores, for a total of 1,900. "The basic issue," says Higby, "is familiarity and trial." Because the product is still somewhat of a novelty, the greatest acceptance is still among the younger consumers in the 12- to 49-year-old spectrum Taco Bell targets. Last year, the chain spent about $25 million behind its "Just Made for You" theme which, says Higby, allows the chain to focus on the freshness and healthiness of the menu. Taco Bell has just expanded its menu with a taco salad and a nachos platter, and is testing several other products, including more platters and "Mexican pizza."

Other successful chains in the category have opted for the dinner house format, such as Chi-Chi's (1984 sales +$300 million) and El Torito's ($250 million). Chi-Chi's has been expanding rapidly from a midwestern base, to regional strength in the East and along the West Coast. Jack Bouterac, vice president of systems and administration, says the chain has firmly positioned itself "as a dinner restaurant, not as a fast food restaurant by any means." He feels Red Lobster is closer competition than Taco Bell: Chi-Chi's will be taking advantage of "sales problems" at Red Lobster to introduce new fish items, he says.

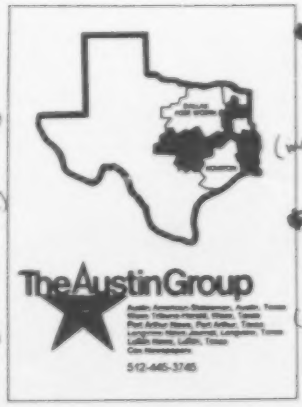
Laura Konrad Jereski

there's more to texas
than dallas/fort worth and houston,
MUCH MORE...

2.42 million Texans
(4.1% over last year)

$2.97 billion food sales
(up 3.7% from last year)

870,600 homes
(3.2% more than last year)



$22.21 billion buying income
(increased 5.5% over last year)

$12.6 billion retail sales
(jumped 8.1% over last year)

TheAustinGroup

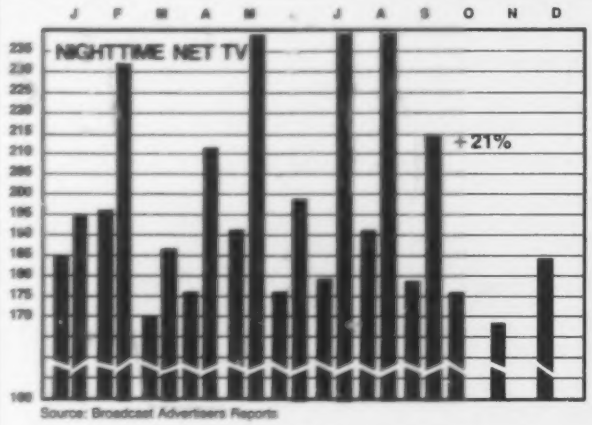
512-445-3745

* 1983 S & MM Survey of Buying Power

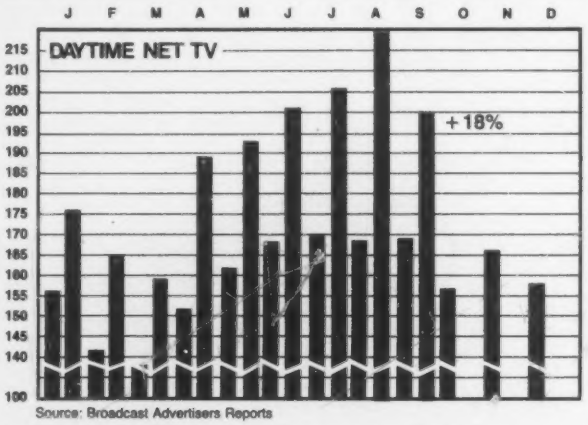
Represented nationally by CWO&O

MEDIA COST INDEX

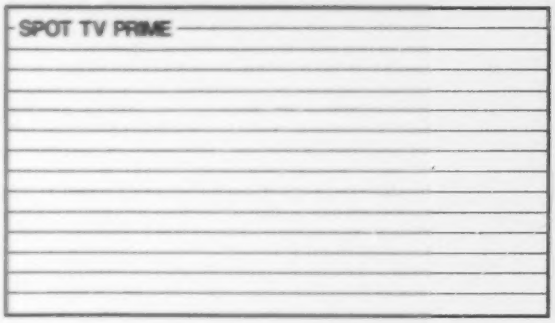
Black bars index for 1983; color bars 1984; base year 1977

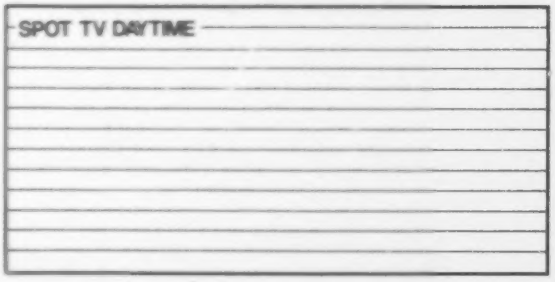


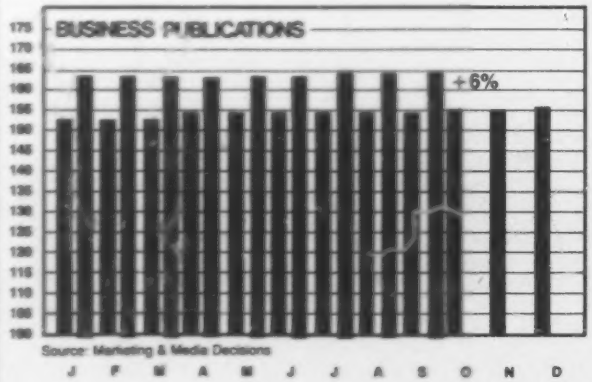
Source: Broadcast Advertisers Reports



Source: Broadcast Advertisers Reports







Source: Marketing & Media Decisions

Media cost changes for September 1984 do not show any surprising moves over the same month in 1983. The influence of the 1984 Olympics on television have been previously reported. The next major influence on costs will be the elections and then the principal weight will fall on television. The network picture will be covered in the Broadcast Advertisers Report. We are still without any continuing measure of spot tv.

The **network tv** cost picture is without a definite trend in both daytime and prime time — other than up. The month-over-month increases have shown an oscillating pattern. **Daytime** in September was up 18%; **nighttime** was up 21%.

The **spot radio** report from Radio Expenditure Reports for the third quarter shows an increase of 22% over the same 1983 period, slightly higher than the previous two quarters. **Network radio** shows no change.

The print media covered are all well below the broadcast media in size of increase. In September this was the picture: **magazines** — up 7%; **business publications** — up 6%; **national supplements** — up 9%; **outdoor** — up 8%.

The Newspaper Advertising Bureau is nearing home on a reconciliation technique to bring rate trend data in on the SAU basis.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

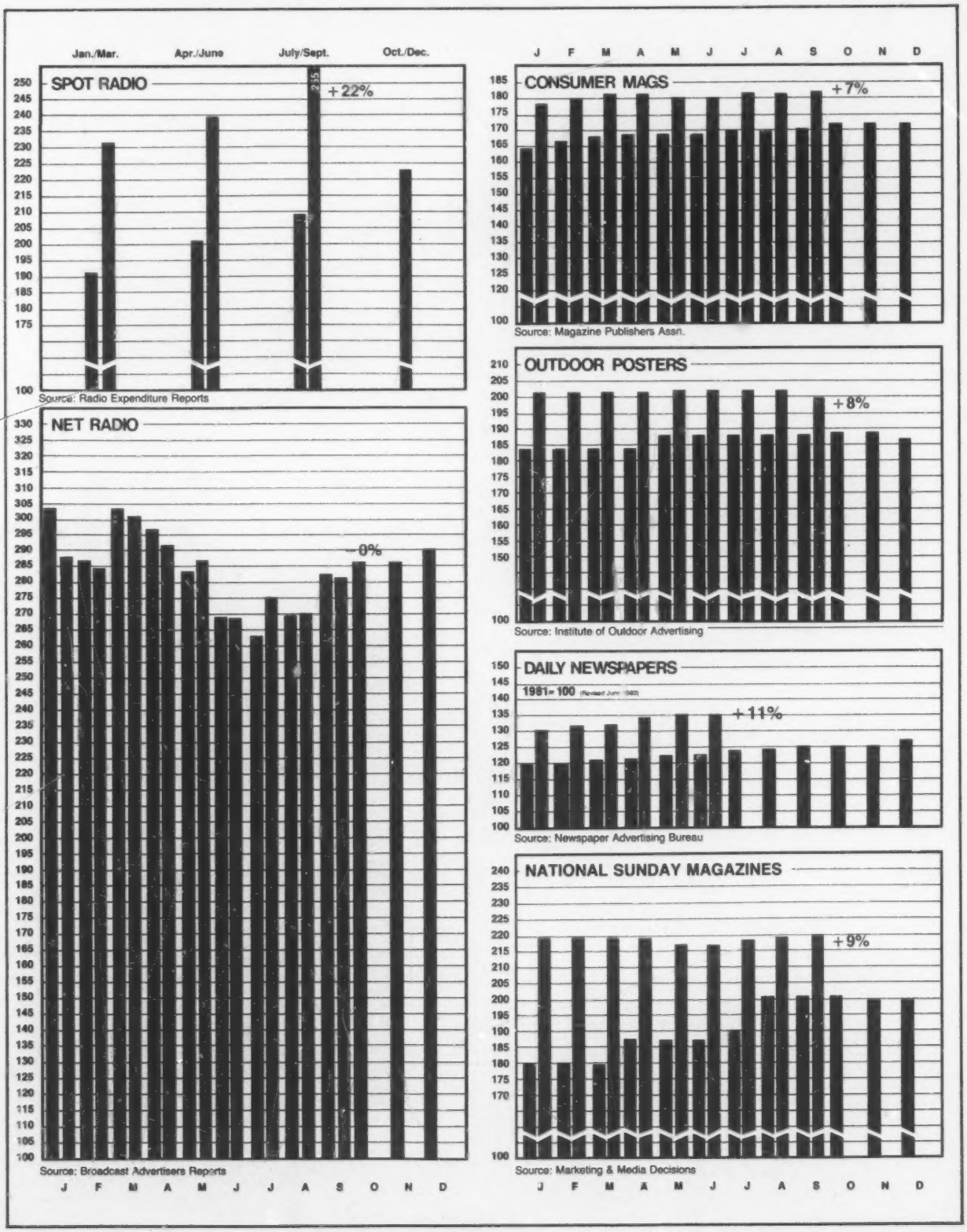
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. **Spot radio** index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

Black bars index for 1983; color bars 1984; base year 1977

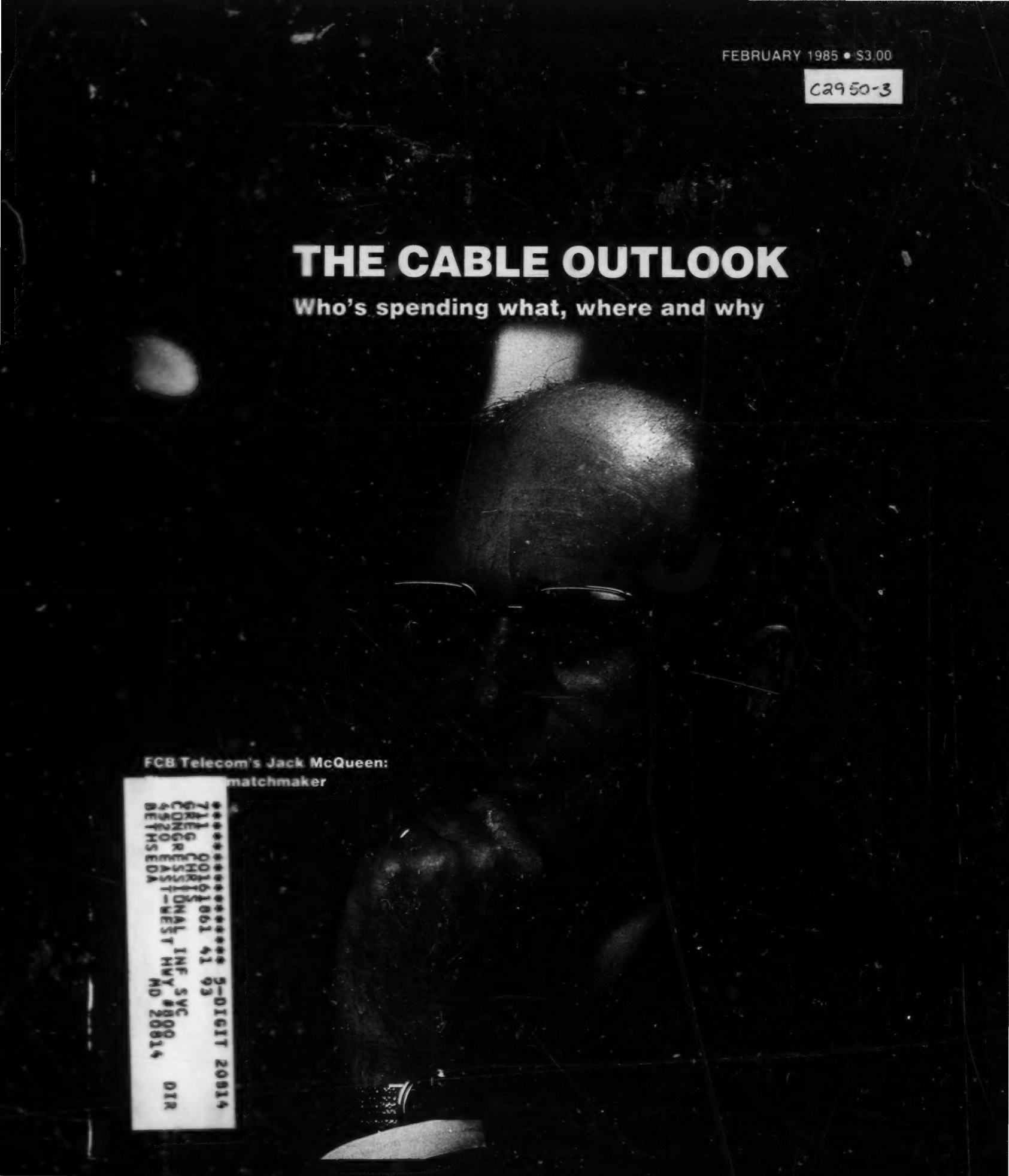


FEBRUARY 1985 • $3.00

C2950-3

THE CABLE OUTLOOK

Who's spending what, where and why



FCB Telecom's Jack McQueen:
matchmaker

********** 5-DIGIT 20814
7141 001 0961 41 03
CONGRESSIONAL INF SVC
4340 HUBBARD
BETHESDA MD 20814
DIR

CONTENTS

FEBRUARY 1985, VOL. 20, NO. 2

Jack McQueen,
senior vice president/director, FCB/Telecom

Features

48 Scatter's second quarter
Second quarter network scatter buys have begun in earnest, and early readings find renewed vigor after a soft first quarter.

51 How high is up?
Progress has been dramatic for women in agency media departments, yet the question remains: Where do they go from there?

56 The wine and beer ad threat
As hearings are held on the Hill to discuss a ban on alcoholic beverage ads in broadcast, marketers consider their options.

62 Newspapers look to extend their reach
Direct mail has taken direct aim at their insert business, and newspaper publishers are responding in creative ways.

70 The Cable Scorecard Package
Where cable's been and where it's going.

74 Cable network outlook
Working with BBDO, *Decisions* predicts how the nets will fare in 1985.

76 The scorecard
The top 20 agencies in cable share their lists of clients, and projections for 1985.

88 Marrying clients and cable
FCB/Telecom's Jack McQueen explains how he makes the most of that medium's promise to meet sponsors' needs.

93 Cable comes of age
Media departments are restructuring to make cable part of the family.

Focus on . . .

Women in media
(page 51)

Cable comes of age
(page 93)

Pet food
(page 115)

115 Brand Report 107: Pet foods
Marketers struggle to bring new life to a mature market.

133 Editorial Index
A guide to the features, columns and departments in *Marketing & Media Decisions*, 1984.

Departments

6 Focus
8 Campaigns
17 Print Beat
20 Futures
28 D.C.
30 Newsmakers
FCB/NY's Reed outlines new media department strategy
34 Update
36 Letters
38 New in Media
40 New Electronic Media
41 Direct Marketing
42 Homework
44 Marketing & Media Futures
127 Broadcast Beat
130 Cost Trends

As They See It

100 Mediology
Barry Kaplan
102 Research
Tony Nacinovich
108 Cable
Beverly O'Malley
110 Magazines
Donna Campanella
112 Newspapers
Fran Weisberger

Cover photograph by
Ed Kashi

MARKETING & MEDIA DECISIONS (ISSN0195-4296) FEBRUARY 1985, Vol. 20, No. 2 **Copyright © 1985.** Decisions Publications Inc. Published 15 times. Executive, editorial, circulation and advertising offices at 1140 Ave. of Americas, New York, N.Y. 10036 (212) 391-2155. **Available** without charge to those personally involved in media decisions at major agencies and advertiser companies. For others, subscription prices are: U.S.A. $40 for 15 issues. Canada $50. Overseas $52 (surface mail). Airmail — add $52. Single copy $3.00. All overseas copies are paid. Second-class postage paid at New York, New York, and additional mailing offices. **Postmaster:** Send form 3579 to Marketing & Media Decisions, 1140 Ave. of Americas, New York, N.Y. 10036.

FUTURES

Long-term media outlook

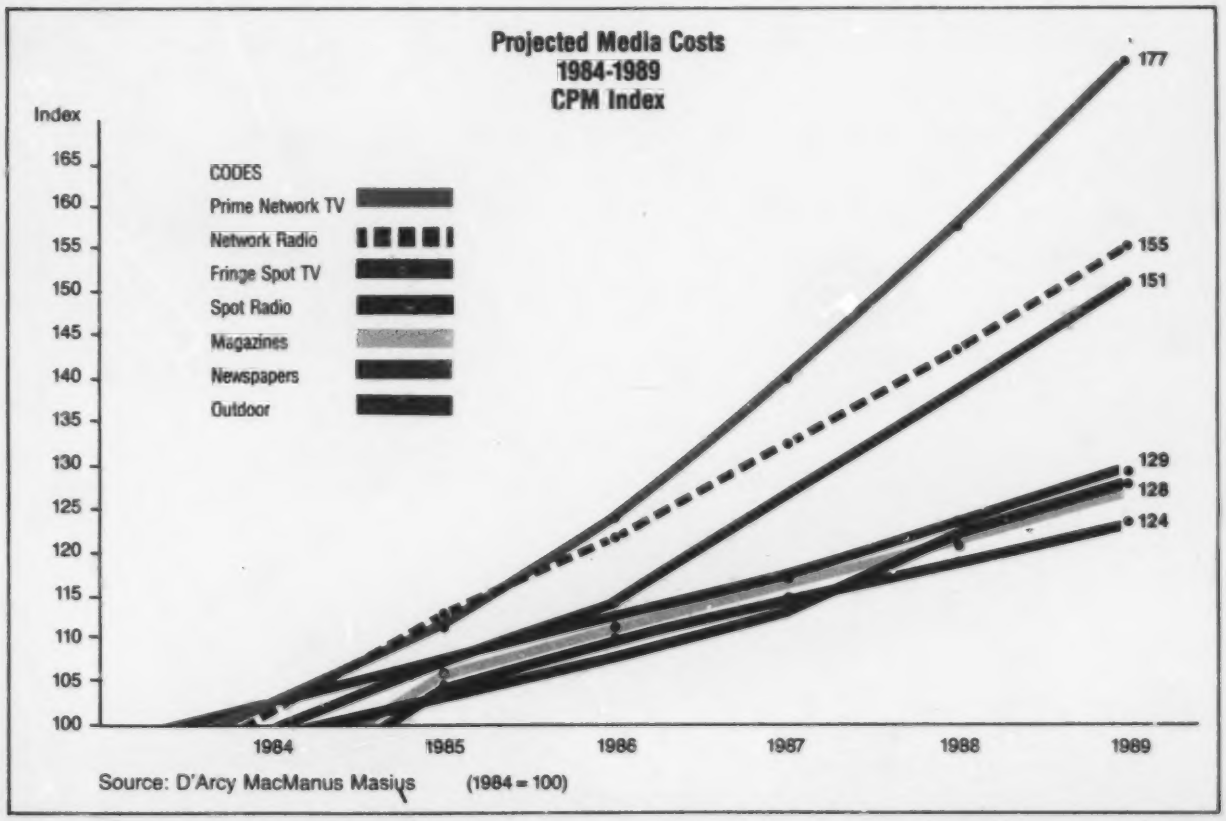
A recent study by D'Arcy MacManus Masius takes a long-term look at media inflation. Using 1984 prices as the index and 1989 as the not-too-distant horizon, director of media services, Joseph P. Zeller, projects average annual increases between 5% and 12%. The notable exceptions are, as expected, prime time and early news on network television, which Zeller predicts will increase at 15.4% and 15.6% The cost increases are on a CPM basis.

But, he notes in the report, "noteworthy is the *downward* trend in cost increases for spot radio, magazines, newspaper and outdoor — indices ranging from 124 to 129 as compared to other media ranging from 146 to 177."

The forecast, which assumes an annual inflation rate (CPI index) of 6% in 1984, 8% in 1985, and 5% for 1986-1989, breaks cost trends by daypart for network television and radio. Zeller points out that the adult population (+18 years old) will grow 7.4% in the next five years, from 167.71 million to 180.18 million. At the same time, the number of television households will grow at the slightly faster rate of 7.9% — to 91 million from a current 84.3 million. Despite this, Zeller projects a continued erosion of network television audience, which he attributes primarily to pay cable, advertiser-supported cable and independent stations.

Still, he maintains that the lack of cable programing will "allow the networks to retain their rating superiority."

Since the forecasts are based on historical data, the study does not include cable television trends. Unit costs and CPMs, Zeller points out, are being directly affected by uncertain factors such as increasing subscription and programing costs, so the report deliberately excludes measurement of "this ever-changing medium." Cautiously pegging the growth of cable at 60% by the end of the decade, DMM believes that the number of channel options and "the definite lack of quality programing" will continue to favor advertisers who depend on network television as their primary medium.



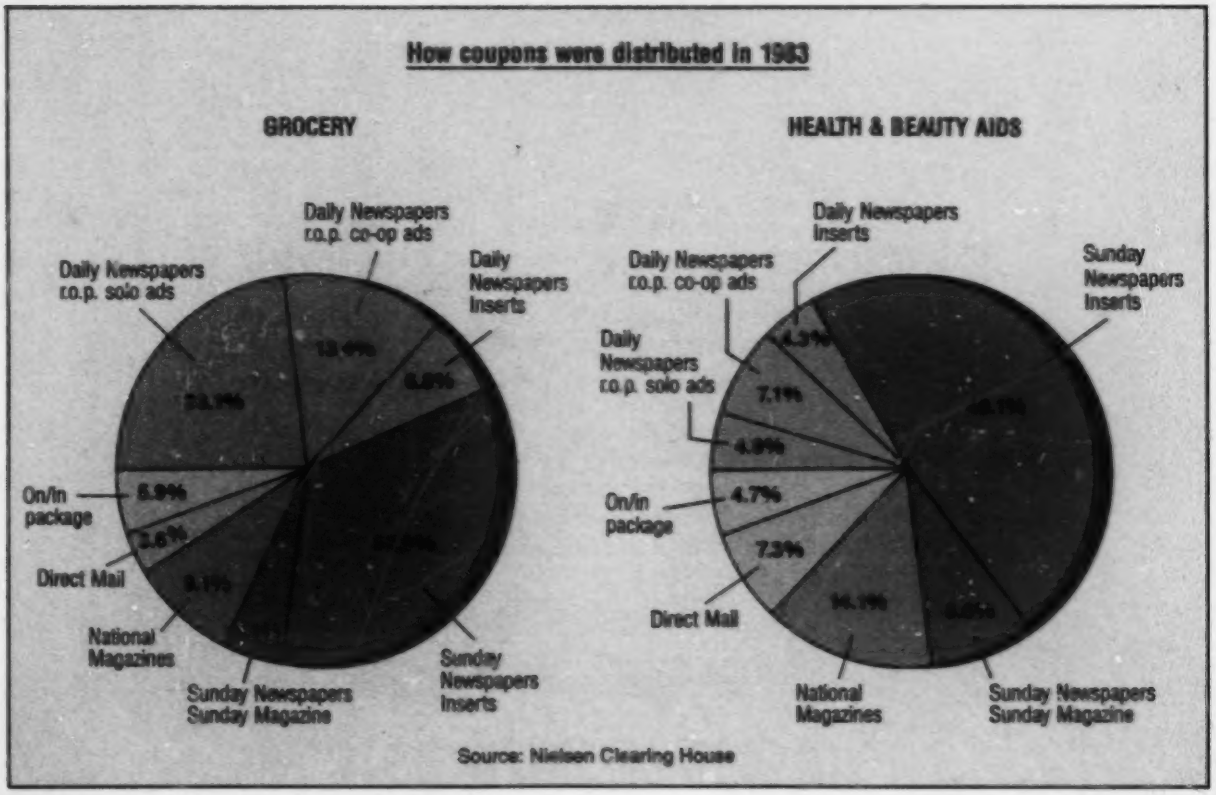
Battle of the inserts — newspapers vs. mailbox

Postal rate increases originally drove direct mail into newspapers. Now drastic postal rate concessions are wooing newspaper inserts back to the mailbox. Two main areas of contention are national coupons and retail flyers, especially from the national chains. *Decisions* looks at what newspapers are doing to hold this $1.8 billion ad bundle. In retail, they may be planning an "ace in the hole."

For some time it has been evident that the newspaper medium's most serious advertising competitor is not television, but direct mail. How to deal with this explosive competition was high on the agenda at the meeting of the International Newspaper Advertising & Marketing Executives (INAME) convention in Miami January 27-30. The points considered included:

- The Postal Service and its efforts to rebuild its third class volume by allowing three or more flyers to cohabit one mailing. This means solo mail's $74 per thousand rate becomes one third of a $76.52 four ounce rate, or a $104.52 five ounce rate. Newspapers can't meet the price of this mailbag, even with the 13.8% rise just announced for third class mail.
- How ADVO, the world's largest mailing house in Hartford, Conn., has grabbed the shared mail idea and is running with it. It has trademarked the term MARRIAGE MAIL™, and is selling the concept and its bank of 86 million household addresses to retailers across the land. For the national couponer using cooperative inserts, ADVO has set up "Network Mail™" (also trade-marked) which can saturate nearly all markets — save New York City.

How coupons were distributed in 1983



Source: Nielsen Clearing House

COUPON AVAILABILITIES IN 1985

During week of . . .		Best two days		Sunday free-standing inserts			Direct mail	
		Co-op rop ads	Inserts					
		HCC	HCC	Blair	Valassis	Product Movers	Advo/ Blair	Donnelly (envelope)
January	6				X	X		X
	13	X	X	X	X		X	
	20							
	27	X	X	X	X	X	X	
February	3							
	10	X	X	X	X	X	X	
	17			X				
	24	X	X	X	X	X		
March	3						X	X
	10	X	X	X	X			
	17	X				X	X	
	24	X	X	X				
	31	X	X		X	X	X	
April	7	X		X				
	14	X	X		X	X	X	X
	21	X		X				
	28	X	X				X	
May	5	X		X				
	12	X	X		X			
	19	X	X	X	X			X
	26	X						
June	2	X					X	
	9	X	X		X	X		
	16	X		X			X	
	23	X	X			X	X	X
	30	X		X	X			
July	7							
	14	X	X		X	X	X	
	21							
	28	X	X		X	X	X	X
August	4			X				
	11	X	X		X	X	X	
	18			X				
	25	X	X		X	X	X	X
September	1							
	8	X		X	X	X		
	15	X	X		X	X	X	
	22	X		X				
	29	X	X		X	X	X	
October	6	X		X				
	13	X	X		X	X	X	X
	20	X		X				
	27	X	X		X	X		
November	3	X	X			X	X	
	10	X		X	X			
	17	X	X		X	X	X	X
	24	X						
December	1	X	X	X	X	X	X	
	8				X			
	15	X						
	22							
	29	X						

• The purchase by John Blair & Co., whose marketing division is a leading purveyor of Sunday newspaper coupon inserts, of ADVO, and how it has now set itself up on both sides of the street by offering both newspaper and direct mail facilities. They've already taken steps to emphasize the mail angle by cutting their 1985 newspaper couponing schedule from 28 Sundays to 20; firing some 40 executives and sales personnel in the newspaper division; building a nationwide sales force to sell ADVO/Blair's MARRIAGE MAIL™ and promising more frequent mail drops.

• ADVO/Blair's sales staff, which has spread all over the country showing local retailers this new way to afford direct mail, is getting the national chains to test MARRIAGE MAIL™ in individual markets.

August, 1983, marked a breakthrough with the chains. That was when K Mart's midwest manager, Arthur Stine, switched all the midweek mailings in his region — Kentucky, Michigan, Ohio, Indiana — from newspaper inserts to ADVO mailings. Last July in Hawaii, Stine told newspaper advertising executives the change had been highly satisfactory. He was still using newspapers on Sunday because mail can't deliver on that all-important family shopping day — but he was turning his Sunday rop ads into more colorful inserts. K Mart's four other regions have yet to follow Stine's major conversion.

A "K March" to shared mail?

Will the rest of K Mart, and the other national chains, eventually bow to Stine's lead? All of them are now using solo mailings.

Stine himself was noncommital when asked how the rest of his company felt about the shared mail test. "Our four other regions consider ADVO a sensible alternative if the need should arise," he said. As to what "need" would induce the rest of K Mart to adopt ADVO, Stine replied, "If they don't get the saturation

and readership they want from the newspapers, and at a reasonable rate."

Sears Roebuck and Co., which is newspaper's largest advertiser, has adopted an equally conservative approach to the idea of shared mail. The nation's largest retailer has been putting 65% of its total budget in newspapers, 10% in direct mail, with the remaining 25% dispersed in tv, radio and magazines. Sears spends 85% of its newspaper dollars in preprints. On the subject of shared mail, a Sears spokesperson allows "at this point that medium takes an insignificant part of our budget," Although he notes shared mail is "being tested in some markets, Sears' use of mail will remain largely solo — primarily to our charge customers."

At J.C. Penney, Richard Trea, market media manager, and Michael DeRobertis, project manager-media services, outlined their respective use of newspapers and direct mail. "We run one preprint a week, which represents 60% of our local print budget," explains Trea. "We average two to six pages of newspaper rop, which takes the other 40%. Together, they add up to 85% of our total media budget.

"ADVO's shared mail is being used in a very localized manner," says Trea. "It's still being tested, and we've had very spotty results." He points out that "some markets have discontinued it while others are examining it but can't really take advantage of it, and some are in the experimental stage with it." Adds DeRobertis: "It's a very economical way of distributing — but only if you can get three advertisers into the package. All three have to agree on the same drop rate and the same area of distribution."

Retail observers point out that Penney is not an easy partner to match up with other chains. The retailer has dropped its hard lines and appliances and is concentrating instead on soft goods. Indeed, Penney's is trying to build an image for itself as a fashion store, and has hired designers such as Halston to help it stand out from the mass market chain competition.

What are newspapers doing to hold the big chains?

If newspapers want to avoid the need for an alternative, as outlined by K Mart's Stine, they must watch first, their rates, and second, their ability to cover the market.

"We're just testing ADVO; results are spotty."

RICHARD TREA
market media manager, J.C. Penney

Newspaper rates traditionally have been criticized as the tariffs of independent operators who often enjoy a monopoly in their markets. But inserts have no monopoly; direct mail is both a local and a nationwide competitor. In recent years insert rates have risen more slowly than rop rates — one reason why rop advertisers have been converting to preprints. The cost factors most responsible for rate rises — paper, ink, printing, press room labor — are all taken care of by the finished product the preprint advertiser delivers to the newspaper. Newspapers have held a tighter rein on preprint rates, but they aren't about to offer their editorial product at the same price as the Postal Service's mailbag.

The big problem is coverage. ADVO claims its acres of computerized mailing lists cover 80% of any market. (A local presentation by ADVO's Greensboro, N.C., office claims "99% saturation of the market.")

Newspapers, on the other hand, have generally not kept up with the growth of U.S. households. In a small city like Roanoke, Va., for example, the *Times & World News* achieves 80% daily and 85% Sunday coverage. But in the big metropolitan areas, with their here-today-gone-tomorrow, one-person households, coverage is much lower. SMRB's magazine audience study which annually asks, "Did you read a newspaper yesterday?" consistently finds that 70% of all American adults did. But that includes pass-along readers who didn't necessarily receive the newspaper with its inserts. Insert users are most interested in just the home-delivered copies. Some advertisers specifically exclude newsstand copies whose unsold returns could lead to coupon misredemptions.

ADVO appears to offer the greatest flexibility to meet advertiser's individual needs. If a marketer wants to reach everybody, ADVO can offer their saturation list of 80% (or 99%). If just the ZIP codes within certain stores' trading ranges are desired, ADVO can ask its computer to retrieve only those labels. Of course, the more variations the advertiser wants, the harder it will be to find two other mailers with similar market patterns to cohabit a shared mail package.

For more than a decade newspapers have been expanding their circulation departments' numbers to help advertisers saturate every last household in their markets. They've been using a procedure called Total Market Coverage (TMC).

The Bucks County (N.J.) *Register* introduced TMC back in 1971. In an

effort to get local retailers, who were mailing out catalogues, to run them also in the newspaper, *without duplication*, the *Register* put its subscription list on computer, matched it against a computerized list of the market's occupied households, and mailed the catalogue only to their non-subscribers.

The gamble was successful, a fact registered in advertiser reaction and the system's wide use. Other newspapers use TMC in different ways, though. While some mail, others are getting their delivery boys to drop just the inserts on non-subscribing homes' porches.

Newsday, primarily a Long Island-based newspaper, publishes a regular weekly *Newsday Extra*, which extends the coverage of rop ads as well as in-

Continued on page 124

Is "merge/purge" newspapers' answer to shared mail?

Both Sears and Penney's have asked that newspapers develop a custom made, total market coverage plan that would be cut to fit each retailer's charge account list. By matching subscriber and charge lists, a "merge/purge" blueprint for an efficient delivery system would result. This process could pinpoint the customers to be reached either by newspaper or mail, with no duplication. Neither chain, of course, would want two or more other mailers to use their list in a shared mail operation.

Sears has a "SNAP" project underway, which is surveying newspapers to determine which are equipped to cooperate in a merge/purge plan.

Penney's market media manager Richard Trea has asked the Newspaper Advertising Bureau's Christo Jackson to contact its list of 464 newspapers for merge/purge possibilities.

Jackson, vice president of chain store sales for the NAB, has found that many newspapers possess computerized capability. Indeed, 37 are already engaged in merge/purge programs with local retailers. Most of the others are anxious for guidance in how to start such a program. The 37 included both big and little papers ranging from Denver, Washington, Seattle, Louisville, to Racine and Waco, Texas. Four small California papers were putting their subscriber lists together to offer area retailers one efficient merge/purge.

Besides seven Penney stores and six Sears stores, the merge/purge list includes department stores such as Shillito's and specialty stores such as Ethan Allen.

In some cases, the store gave the newspaper its charge list; in others the newspaper gave the store its subscriber list; in still other instances, both lists were sent to an independent service. While confidentiality of the lists was not a problem, no store would want to let other retailers hitchhike on its customer lineup to save postage.

NAB's Jackson: "Merge/purge" is answer to "marriage".

According to Jackson, the economics of a hypothetical program work thusly:

Take a market of 100,000 households. Say the local newspaper has 60,000 subscribers. Estimate that Penney has 40,000 charge customers. Merge/purge comes up with 5,000 non-subscribing customers.

Newspaper insert (16 pages at $33 per thousand) costs $1,980.

Mailing to 5,000 non-subscribers ($74 per thousand) costs $370.

Total cost: $2,350.

Solo mailing to all 40,000 at $74 per thousand would be $2,960.

The saving is $610 weekly. For an every-week mailer like Penney, it's a bonus $31,720 annually in just this one market.

Of course, the advertiser would have to print 20,000 more inserts for the rest of the newspaper circulation. Most newspapers would cut that down by not inserting newsstand copies and geographically remote subscriber homes. The stores don't consider the newspapers' extra readers as waste. They are constantly looking to expand their charge account list, and newspaper readers in general have the same demographics as their charge customers.

With 600 newspapers already computerizing their subscriber lists and capable of a merge/purge, Jackson has proposed that the Bureau produce a manual and even the software to help a newspaper jump right in to a merge/purge operation without each one having to start from scratch.

"The possibilities are far greater than just the store's charge list," says Jackson. A newspaper can take any list that an advertiser is interested in — single family home owners, foreign car owners, what have you — and merge/purge for newspaper/mail coverage. Louisville *Courier* has even done a merge/purge to help the Kentucky Democratic Party find its non-registrants.

Jackson has been touring the country to line up mailing houses that newspapers can turn to for this operation. So far they've been working with Harte Hankes' Computer Mailing Services in Brea, Calif., and the Greater Buffalo Press' Gazette Press in Berkeley.

CABLE AD SCORECARD

A guide to the top 20 agencies in cable, by billings

Key to Abbreviations

A&E: Hearst/ABC Video Enterprise Alpha Repertory Television Service. Cultural programming, relaunched as Arts & Entertainment Jan. 1984.

BET: Black Entertainment Television. Black oriented sports, features and movies.

Business Times: Delivers the daily "Business Week" of video; offers advertisers sponsorships of magazine format.

CBN: CBN Cable Network. General interest, all family drama, sitcoms, westerns.

CNN: Cable News Network. Ted Turner's 24-hour, all-news channel.

CNNHS: Cable News Network Headline Service. Brief international and national news update.

ESPN: Entertainment and Sports Programing Network. Predominantly a sports channel with additional early-morning business news — Business Times.

FNN: Financial News Network. Financial/investments news and stock quotations.

LIFETIME: Women's service/health and fitness from Hearst/ABC/Viacom Entertainment Services.

MSG: Madison Square Garden Sports.

MSN: Modern Satellite Network. General information channel, including the Home Shopping Show.

MTV: Music Television, from Warner Amex Satellite Entertainment Corp. 24-hour contemporary music channel.

NICKELODEON: All-children's programing, Warner Amex Satellite Entertainment Co.

SIN: National Spanish Television Network. All Spanish programing.

SPN: Satellite Programing Network. Talk shows, movies, how-to's.

TNN: The Nashville Network. Country/western music, with variety, comedy and sports.

USA: USA Cable Network. Sports, women's talk shows, children's.

TWC: The Weather Channel. Landmark Communications 24-hour national, regional and local weather information with special weather features.

WTBS: Ted Turner's WTBS-TV, Atlanta, superstation.

YOUNG & RUBICAM

Ira Tumpowsky, senior vice president, group supervisor of cable and syndication

Clients using national cable:
AT&T
Canada Dry
CBS Toys
Clorox
Colgate-Palmolive
Dr Pepper
Du Pont
Ford Corp.
Ford Division
General Foods
Gulf Oil
Jamaica Tourist Bureau
Johnson & Johnson
Kentucky Fried Chicken
Kodak
Lincoln-Mercury Division
Merrill Lynch
Oil of Olay
Olympic Stain/Paint
Richardson-Vicks
R.J. Reynolds
Suzuki
U.S. Postal Service

Networks used: CBN, CNN, CNNHS, C SPAN, TNN, TWC, BET, SIN, FNN, Lifetime, MTV, USA, Business Times, WTBS, ESPN

1984 billings: $38 million
Projected 1985: $42-44 million

J. WALTER THOMPSON

Norm Varney, senior vice president, U.S. director new electronic media

Clients using national cable:
American Gas Association
ANCO
Champion
Chevron
Computerland
Dunlop
Ford
Goodyear
Hewlett-Packard
Hyatt
Kemper
Kodak
Kraft
Lever Bros.
Locktite
Nestle
Northwestern Mutual Life Insurance
Orkin
Quaker
Ryder
Sanson
S.C. Johnson
Scott Paper
Showtime
Six Flags
Twentieth Century Fox
U.S. Marine Corps
Warner Lambert
W.F. Young

Networks used: A&E, BET, Business Times, CBN, CNN, ESPN, FNN, Lifetime, MTV, TNN, Nickelodeon, SIN, TWC, USA, WTBS

1984 billings: $19 million
Projected 1985: $25 million

BBDO

Arnie Semsky, executive vice president, director of media and programing services

Clients using national cable:

Black and Decker	Frito Lay
Campbell	General Electric
Jacqueline Cochran	HBO
Dean Witter	Menley & James
Dodge	Pepsi
Du Pont	Philips Petroleum
	Pillsbury
	Stroh

Networks used: ESPN, CNN, USA, WTBS, CBN, TNN, MTV, FNN, Business Times, Nickelodeon, Lifetime, BET

1984 billings: $18 million
Projected 1985: $20 million

DANCER FITZ-GERALD SAMPLE

Beverly O'Malley, senior vice president, director of electronic media

Clients using national cable:

American Cyanamid	
Ashton-Tate	Nabisco
Entre Computer	Peter Paul
Florida Dept. of Citrus	Procter & Gamble
General Mills, Inc.	Shulton
Hanes	Toyota
L'eggs	Wrangler
LifeSavers	Wendy's
Lorillard	Western Union

Networks used: TWC, CNN, CNNHS, WTBS, MTV, ESPN, Lifetime, BET, Nickelodeon, USA, TNN, Business Times

1984 billings: $18 million
Projected 1985: $24 million

GREY ADVERTISING

Alec Gerster, executive vice president of media and programing

Clients using national cable:
Acme
AMC
BF Goodrich
Block Drug
Boehringer Ingleheim Ltd.
Borden
Canon USA
Carter Wallace
Danskin
General Foods
Holly Farms
Kenner
Mennen
Milliken
3M
Newsweek Magazine
No-Nonsense
Procter & Gamble
Playtex
Questor
RCA Records
Remington
Shearson Lehman American Express
STP
Timex
Union Underwear
United Parcel
Warner Bros.

Networks used: CNN, WTBS, ESPN, Lifetime, USA, MTV, MSG, Nickelodeon, SPN, SIN, TNN, FNN, TWC

1984 billings: $17.9 million
Projected 1985: $18.8 million

FOOTE, CONE & BELDING

Frank Gromer, senior vice president, director of corporate media

Clients using national cable:
Alaska Tourism
ARCO
Armour-Dial
Bell Atlantic
Bermuda Tourism
CALRAB
Claridge Casino
Clorox
Colgate
Coors
FI Bancorp
Kraft
Levi Strauss
Mazda
Orion
Pacific Telesis
Pennsylvania Lottery
Pizza Hut
Quaker
S.C. Johnson
Sears Financial Network
Sunkist
Swift
Temple University
USNWR
Volume Shoe
Zenith

Networks used: WTBS, CBN, CNN, USA, ESPN, TNN, MTV, A&E, Lifetime, FNN

1984 billings: $17 million
Projected 1985: $22 million

D'ARCY MACMANUS MASIUS

Dick Simon,
vice president,
associate director of corporate broadcast

Clients using national cable:

Amoco
Anheuser-Busch
BRK Electronics
Cadillac-Pontiac
Coleman
Equitable
FTD
Mars, Inc.
Olympic Gold Coin
S.O Swisher
Whirlpool

Networks used: USA, TWC, BET, CBN, CNN, WTBS, A&E, Lifetime, FNN, MTV, Business Times, SIN

1984 billings: $15 million
Projected 1985: $20 million

SAATCHI & SAATCHI COMPTON ADVERTIS-ING

Steve Fajen,
senior vice president,
media director

Clients using national cable:

British Airways
Johnson & Johnson
National Enquirer
Paine Webber
Procter & Gamble
Thompson Medical
Tyndale Press

Networks used: CBN, CNN, BET, WTBS, USA, FNN, ESPN, MSG, Business Times, Lifetime

1984 billings: $14.7 million
Projected 1985: $16 million

BENTON & BOWLES

Phil Guarascio,
senior vice president,
director of media management

Clients using national cable:

Corning
Digital
Emery
General Foods
Hardee's
Nabisco
Procter & Gamble
Pinkerton
RVI
Texaco

Networks used: WTBS, USA, CNN, ESPN, TWC, MTV, CNNHS, Lifetime, CBN, BET

1984 billings: $11 million
Projected 1985: $12.4 million

DOYLE DANE BERNBACH

Bart McHugh,
senior vice president,
director of cable television

Clients using national cable:

American Greetings
Atari
Chanel
Colombian Coffee
Diners Club
Foodway
GTE
Hershey
IBM/ISG
Michelin
Mobil
Ore-Ida
Paul Masson
Polaroid Consumer Products
Porsche-Audi
Steak-Umm
Teleflora
Universal

Networks used: MTV, WTBS, Lifetime, USA, CNN, Business Times, BET, Nickelodeon, ESPN, SPN, TNN

1984 billings: $15 million
Projected 1985: $18 million

LEO BURNETT

Willard Hadlock,
senior vice president,
director of media services

Clients using national cable:

Allstate
Heinz
Kellogg
McDonald's
Memorex
Nestle
Oldsmobile
Procter & Gamble
RCA
Starkist
Union Carbide
United Airlines

Networks used: ESPN, WTBS, CNN, USA, SPN, CBN, Nickelodeon, Lifetime, CNNHS, TWC, TNN, FNN, MTV, BET, A&E

1984 billings: $11.4 million
Projected 1985: $15 million

OGILVY & MATHER

Kenneth Caffrey,
senior vice president,
executive director of media operations

Clients using national cable:

American Express
AT&T
Campbell
Columbia Pictures
Duracell Batteries
Ex-Lax
General Foods
Kimberly Clark
Menley & James
Owens Corning
Publishers Clearinghouse

Networks used: WTBS, CBN, CNN, CNNHS, FNN, SIN, SPN, USA, ESPN, MTV, Lifetime, TNN, TWC, Nickelodeon, Business Times

1984 billings: $10 million
Projected 1985: $14 million